



Board of Directors

REGULAR MEETING

January 13, 2026, at 6:00 p.m.



welcoming

Be warm, grateful, and fun



humble

Be selfless, generous, and kind



original

Be creative, impactful, and unique





AGENDA

Regular Meeting of the Board of Directors
3021 Fullerton Road
Rowland Heights, CA 91748
January 13, 2026 -- 6:00 PM

Agenda materials are available for public review at <https://www.rwd.org/agendas-minutes/>. Materials related to an item on this Agenda submitted after distribution of the Agenda packet are available for public review at the District office located at 3021 Fullerton Road, Rowland Heights, CA 91748.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

John Bellah, President
Vanessa Hsu, Vice President
Robert W. Lewis
Anthony J. Lima
Szu Pei Lu-Yang

ADDITION(S) TO THE AGENDA

PUBLIC COMMENT ON NON-AGENDA ITEMS

Any member of the public wishing to address the Board of Directors regarding items not on the agenda within the subject matter jurisdiction of the Board should do so at this time. With respect to items on the agenda, the Board will receive public comments at the time the item is opened for discussion, prior to any vote or other Board action. A three-minute time limit on remarks is requested.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning Gabriela Palomares, Executive Services Manager, at (562) 383-2323, or writing to Rowland Water District, at 3021 Fullerton Road, Rowland Heights, CA 91748. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Anyone requesting a disability-related accommodation should make the request with adequate time prior to the meeting in order for the District to provide the requested accommodation.

Any member of the public wishing to participate in the meeting, who requires a translator to understand or communicate in English, should arrange to bring a translator with them to the meeting.

DIRECTOR REMOTE PARTICIPATION PURSUANT TO GOV. CODE §54953(f)

- Notifications Due to Just Cause
- Requests Due to Emergency Circumstances

1. REORGANIZATION OF OFFICER POSITIONS

Recommendation: The Board of Directors conduct a reorganization of officer positions for calendar year 2026.

2. CONSENT CALENDAR

All items under the Consent Calendar are considered to be routine matters, status reports, or documents covering previous Board instruction. The items listed on the Consent Calendar will be enacted by one motion unless separate discussion is requested.

2.1 Approval of the Minutes of Regular Board Meeting held on December 9, 2025

Recommendation: The Board of Directors approve the Minutes as presented.

2.2 Demands on General Fund Account for December 2025

Recommendation: The Board of Directors approve the demands on the general fund account as presented.

2.3 Investment Report for November 2025

Recommendation: The Board of Directors approve the Investment Report as presented.

2.4 Water Purchases for November 2025 - For information only.

2.5 California Reservoir Conditions – For information only.

Special Board Meeting: January 27, 2026

Regular Board Meeting: February 10, 2026

3. ACTION ITEMS

This portion of the Agenda is for items where staff presentations and Board discussions are needed prior to formal Board action.

3.1 Review and Approve “Draft” Rowland Water District Financial Audit Report for Fiscal Year 2024-2025 Prepared by Nigro & Nigro, PC

Recommendation: The Board of Directors receive a presentation by a representative of Nigro & Nigro, PC, and approve the “draft” RWD Financial Audit Report for FY 2024-2025:

A. Presentation to the Board

B. Communications Letter

C. Financials

3.2 Review and Approve Directors’ Meeting Reimbursement for December 2025

Recommendation: The Board of Directors approve the Meeting Reimbursement as presented.

3.3 Proposed Annexation of Territory and CEQA Exemption

Recommendation: The Board of Directors approve finding the proposed annexation of portions of Hambeldon Avenue and Valley Boulevard is not a Project under the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378 (Project Definition) Alternatively Found Exempt Pursuant to State CEQA Guidelines Section 15305 (Minor Alterations in Land Use Limitations).

3.4 Approve Change in Mileage Reimbursement Rate from 70 Cents to 72.5 Cents Effective January 1, 2026

Recommendation: The Board of Directors approve the IRS mileage reimbursement rate as presented.

3.5 Receive and File the Puente Basin Water Agency Financial Statements for Fiscal Year 2024-2025 Prepared by Nigro & Nigro, PC

Recommendation: The Board receive and file the Puente Basin Water Agency Financial Statements for FY 2024-2025 as included in the Board packet.

3.6 Receive and File the Pomona-Walnut-Rowland Joint Water Line Commission Financial Statements for FY 2024-2025 Prepared by Nigro & Nigro, PC

Recommendation: The Board receive and file the P-W-R JWL Financial Statements for FY 2024-2025 as included in the Board packet.

3.7 Authorize the Allocation of Funds for the Purchase of Three (3) Mixers

Recommendation: The Board of Directors authorize the allocation of \$75,000 for the purchase of three (3) D&H mixers.

4. INFORMATIONAL ITEMS

5. PUBLIC RELATIONS

5.1 Community Relations and Education Report

Gabriela Palomares

5.2 Communications Outreach

CV Strategies

6. DISCUSSION OF UPCOMING CONFERENCES, WORKSHOPS, OR EVENTS

(Including items that may have arisen after posting of the agenda)

6.1 ACWA DC 2026 – February 24-26, 2026

6.2 TVMWD Leadership Breakfast – February 26, 2026

7. LEGISLATIVE INFORMATION

8. REVIEW OF CORRESPONDENCE

8.1 La Habra Heights County Water District Notification of PFOA/PFOS Dated December 1, 2025

9. COMMITTEE & ORGANIZATION REPORTS *(verbal reports)*

9.1 Joint Powers Insurance Authority (JPIA)

Directors Lu-Yang/Hsu

▪ **ACWA/JPIA President's Special Recognition Certificate**

9.2 Three Valleys Municipal Water District (TVMWD)

Directors Lima/Bellah

9.3 Association of California Water Agencies (ACWA)

Directors Lewis/Bellah

9.4 Puente Basin Water Agency (PBWA)

Directors Lewis/Lima

9.5 Project Ad-Hoc Committee

Directors Lima/Lu-Yang

9.6 P-W-R Joint Water Line Commission

Directors Lima/Bellah

9.7 Rowland Heights Community Coordinating Council (RHCCC)

Directors Lu-Yang/Bellah

9.8 California Special District Association (CSDA) SGV Chapter

Director Bellah

9.9 Local Agency Formation Commission (LAFCO)

Director Lewis

10. OTHER REPORTS AND COMMENTS

- | | | |
|-------------|---------------------------------------|--------------|
| 10.1 | <u>Finance Report</u> | Mrs. Malner |
| 10.2 | Operations Report | Mr. Davidson |
| 10.3 | Project Updates | Mr. Moisio |
| 10.4 | Personnel Report | Mr. Coleman |

11. ATTORNEY'S REPORT

Mr. Joseph Byrne

12. CLOSED SESSION

a. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: One case.

13. RECONVENE ON CLOSED SESSION

General Manager's and Directors' Comments

Future Agenda Items

Late Business

No action shall be taken on any items not appearing on the posted agenda, except upon a determination by a majority of the Board that an emergency situation exists, or that the need to take action arose after the posting of the agenda.

ADJOURNMENT



Minutes of the Regular Meeting
of the Board of Directors of the Rowland Water District
December 9, 2025 – 6:00 p.m.
3021 Fullerton Road
Rowland Heights, CA 91748

PLEDGE OF ALLEGIANCE

ROLL CALL OF DIRECTORS

President John Bellah
Vice President Vanessa Hsu
Director Robert W. Lewis
Director Szu Pei Lu-Yang

ABSENT:

Director Anthony J. Lima

OTHERS PRESENT:

Samuel Johnson, BB&K
Mike Ti, Three Valleys Municipal Water District
Sylvie Lee, Three Valleys Municipal Water District
Erin LaCombe, CV Strategies

ROWLAND WATER DISTRICT STAFF

Tom Coleman, General Manager
Dusty Moisio, Assistant General Manager
Myra Malner, Director of Finance
Allen Davidson, Director of Operations
Gabriela Palomares, Executive Services Manager

ADDITION(S) TO THE AGENDA – None.

PUBLIC COMMENT ON NON-AGENDA ITEMS – None.

DIRECTOR REMOTE PARTICIPATION PURSUANT TO GOV. CODE §54953(f)

- Notifications Due to Just Cause – None.
- Requests Due to Emergency Circumstances – None.

1. PUBLIC HEARING: ESTABLISHING REGULATIONS AND PENALTIES RELATING TO WATER THEFT

- 1.1** President John Bellah opened the public hearing at 6:04 p.m. to receive and respond to public comment and, if there is no majority protest, consider adoption of RWD Ordinance No. 0-12-2025, an Ordinance of the Rowland Water District establishing regulations governing the prevention, enforcement, and penalties for water theft within the District's service area, including unauthorized water use, meter tampering, and unauthorized hydrant use
- 1.2** Tom Coleman, General Manager, presented on the matter, noting that the purpose of this ordinance is to safeguard the District's water system, protect that water system from potential contamination from unprotected backflow, ensure fair and lawful water service, and establish penalties and enforcement procedures for water theft in accordance with California law.
- 1.3** Board President Bellah invited members of the public to provide comments on the ordinance; however no public comments were received.
- 1.4** President Bellah closed the public hearing at 6:09 p.m.
- 1.5** Upon motion by Director Lewis, seconded by Director Hsu, the Board unanimously adopted RWD Ordinance No. 0-12-2025, establishing regulations and penalties relating to water theft recitals, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lu-Yang

NOES: None

ABSENT: Director Lima

ABSTAIN: None

2. CONSENT CALENDAR

Upon motion by Director Lu-Yang, seconded by Director Hsu the Consent Calendar was unanimously approved as follows:

- 2.1** Approval of Minutes of Regular Board Meeting held on November 4, 2025
- 2.2** Approval of Minutes of Special Board Meeting held on November 25, 2025
- 2.3** Demands on General Fund Account for November 2025
- 2.4** Investment Report for October 2025
- 2.5** Water Purchases for October 2025
- 2.6** California Reservoir Conditions
- 2.7** RWD CY 2026 Board Meeting Calendar
(Motion carried 4-0)

- Board members took a moment to note the January 13, 2026, Regular Board Meeting and January 27, 2026, Special Board Meeting dates in their calendars.

3. ACTION ITEMS

3.1 Review and Approve Directors' Meeting Reimbursements for November 2025

Upon motion by Director Lewis, seconded by Director Lu-Yang, the Board unanimously approved the Directors' Meeting Reimbursement Report. (Motion carried 4-0)

3.2 Consider 6th Amendment to the Agreement for Employment of General Manager

General Manager Coleman reported that after distribution of the Board meeting agenda packet, a typographical error was identified in the 6th Amendment to the Agreement for Employment of General Manager. A redlined version of the amendment reflecting the corrected language was distributed to the Board for review and consideration.

Upon motion made by Director Lu-Yang, seconded by Director Lewis, the Board approved the 6th Amendment to the Agreement for Employment of General Manager, as corrected, with an effective date of January 1, 2026. (Motion carried 4-0)

3.3 Adopt Resolution No. 12-2025, Approving Employee-Paid Holidays and Office Closure

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously adopted Rowland Water District Resolution No. 12-2025, Approving Employee-Paid Holidays and Office Closure, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lu-Yang

NOES: None

ABSENT: Director Lima

ABSTAIN: None

(Motion carried 4-0)

3.4 Adopt Resolution No. 12.1-2025, Adopting Amendments to the Rules and Regulations for Potable and Recycled Water Service

General Manager Coleman summarized the proposed amendments to the Rules and Regulations for Potable and Recycled Water. He reported that the amendments include reference to Water Conservation Ordinance 0-10-2025, which prohibits irrigation of non-functional turf; reflect the updated rates and fees adopted on November 4, 2025; and include a reference to Water Theft Ordinance 0-12-2025, reenforcing protections against unauthorized water use.

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously adopted Rowland Water District Resolution No. 12.1-2025, Adopting Amendments to the Rules and Regulations for Potable and Recycled Water Service, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lu-Yang

NOES: None

ABSENT: Director Lima

ABSTAIN: None

(Motion carried 4-0)

3.5 Adopt Resolution No. 12.2-2025, Rescinding Resolution No. 6-2022 Declaring a Level 2 Water Supply Shortage

Upon motion by Director Lu-Yang, seconded by Director Lewis, the Board unanimously adopted Rowland Water District Resolution No. 12.2-2025, Rescinding Resolution No. 6-2022, which declared a Level 2 Water Supply Shortage, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lu-Yang

NOES: None

ABSENT: Director Lima

ABSTAIN: None

(Motion carried 4-0)

3.6 Adopt Resolution No. 12.3-2025, Resolution of the Board of Directors Reauthorizing Investment Authority to the General Manager

Upon motion by Director Lu-Yang, seconded by Director Bellah, the Board unanimously adopted RWD Resolution No. 12.3-2025, Re-Authorizing Investment Authority to the General Manager, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lu-Yang

NOES: None

ABSENT: Director Lima

ABSTAIN: None

(Motion carried 4-0)

3.7 Adopt Resolution No. 12.4-2025, Resolution of the Board of Directors Appointing PBWA Representatives

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously adopted RWD Resolution No. 12.4-2025, Appointing Anthony J. Lima and Robert W. Lewis as representatives and Tom Coleman as alternate representative of RWD to serve on the Commission of the Puente Basin Water Agency, by the following roll call vote:

AYES: Directors Bellah, Hsu, Lewis, Lu-Yang

NOES: None

ABSENT: Director Lima

ABSTAIN: None

(Motion carried 4-0)

3.8 Confirm Appointment of Representatives to the Pomona-Walnut-Rowland Joint Water Line Commission

Upon motion by Director Hsu, seconded by Director Lewis, the Board unanimously appointed Anthony J. Lima as Commissioner and John Bellah as alternate commissioner, to serve on the Pomona-Walnut-Rowland Line Commission. (Motion carried 4-0)

3.9 Review and Approve Board of Directors Committee Assignments for 2026

Board members discussed the listing of committee assignments included in the Board packet. Following discussion, the Board reached consensus to remove the San Gabriel Valley Regional Chamber of Commerce - Government Affairs Committee (GAC) from the list of Category I meetings approved for compensation for attendance.

Upon motion by Director Lu-Yang, seconded by Director Lewis, the Board unanimously approved Committee assignments for 2026, as amended:

Association of California Water Agencies	Director Lewis Director Bellah (Alternate)
ACWA/Joint Powers Insurance Authority	Director Lu-Yang Director Hsu (Alternate)
ACWA Region 8	Director Lewis
Local Agency Formation Commission (LAFCO)	Director Lewis

P-W-R Joint Water Line Commission	Director Lima Director Bellah (Alternate)
Puente Basin Water Agency (PBWA)	Director Lewis Director Lima Tom Coleman (Alternate)
Rowland Heights Community Coordinating Council	Director Bellah Director Lu-Yang
RWD Project Ad-Hoc Committee	Director Lima Director Lu-Yang
Three Valleys Municipal Water District	Director Lima Director Bellah (Alternate)
California Special District Association (CSDA)	Director Bellah

3.10 Approve Cost of Living Increase for all Employees Based on Merit

A motion was made by Director Lu-Yang, and seconded by Director Hsu, to approve a 3.5% Cost of Living Increase for all employees based on merit effective January 1, 2026.
(Motion carried 4-0)

3.11 Review and Approve Schedule of Monthly Salary Ranges Effective January 1, 2026

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously approved the Schedule of Monthly Salary Ranges Effective January 1, 2026, as included in the Board packet. (Motion carried 4-0)

3.12 Request for Allocation of Funds for Purchase of One (1) Ford-150 V6 Full Hybrid 3.5L Powerboost Truck

Upon motion by Director Lu-Yang, seconded by Director Hsu, the Board unanimously authorized the allocation of \$55,000 for the purchase of one (1) Ford-150 V6 Full Hybrid 3.5 L Powerboost Truck. (Motion carried 4-0)

3.13 Award of Contract for Radio Communications System Project and Allocation of Funds

Upon motion by Director Lewis, seconded by Director Hsu, the Board unanimously authorized the award of contract to Foothill Communication for the Radio Communications System Project and approved a project budget allocation in the amount of \$60,000. (Motion carried 4-0)

3.14 Review and Recertify Risk and Resiliency Assessment (RRA) Prepared by West Yost

Upon motion by Director Hsu, seconded by Director Lu-Yang, the Board unanimously recertified the Risk and Resiliency Assessment (RRA), as prepared by West Yost, and directed staff to file the recertification with the Environmental Protection Agency by the December 31, 2025, filing deadline. (Motion carried 4-0)

4. INFORMATIONAL ITEMS – None.

5. PUBLIC RELATIONS

5.1 Community Relations and Education Update

Ms. Palomares reported that the fall edition of the Rowland Water newsletter was distributed via Constant Contact. The newsletter included articles on water conservation and educational initiatives, announced upcoming office closures, and featured a retiree spotlight on Teresa Ryan. She noted that the last landscape workshop for 2025 will be held on Thursday, December 11. Conversation ensued regarding staff's participation in a Los Angeles Food Bank distribution

event. Director of Operations Allen Davidson spoke on related media coverage highlighting Rowland Water District employees.

5.2 Communications Outreach (CV Strategies)

- Ms. Erin LaCombe of CV Strategies reported that her team has been filming District staff as part of the ongoing production of the District's history video. She noted that several interviews and on-site recordings have been completed, and that selected footage of staff will be incorporated into the final video to highlight that District's work and legacy.

6. DISCUSSION OF UPCOMING CONFERENCES, WORKSHOPS, OR EVENTS (INCLUDING ITEMS THAT MAY HAVE ARISEN AFTER THE POSTING OF THE AGENDA) – Director Lewis made note of the February 2026 ACWA Legislative Symposium.

7. LEGISLATIVE INFORMATION

General Manager Tom Coleman provided a brief update on legislative matters of interest to the District.

8. REVIEW OF CORRESPONDENCE – None.

9. COMMITTEE REPORTS

9.1 Joint Powers Insurance Authority – General Manager Coleman referred to the Worker's Compensation, Liability, and Property Program Risk Assessment included in the Board packet and provided an overview of the key findings and details of the assessment.

9.2 Three Valleys Municipal Water District – Board President Bellah reported on the November 5 and 19, 2025, TVMWD Board meeting activities.

9.3 Association of California Water Agencies – None.

9.4 Puente Basin Water Agency (PBWA) – The next PBWA meeting is scheduled for December 11, 2025, at Rowland Water District.

9.5 Project Ad-Hoc Committee – None.

9.6 Regional Chamber of Commerce Government Affairs Committee (GAC) – None.

9.7 P-W-R Joint Waterline Commission – None.

9.8 Rowland Heights Community Coordinating Council (RHCCC) – None.

9.9 California Special District Association (CSDA) SGV Chapter – None.

9.10 Local Agency Formation Commission – None.

10. OTHER REPORTS, INFORMATION ITEMS AND COMMENTS

10.1 Finance Report

Director of Finance, Myra Malner, presented a year-to-date Financial Dashboard containing comparative graphs of Revenue and Expense by Category and Consumption by Class through October 2025 and answered questions posed by Board members.

10.2 Operations Report

Director of Operations Allen Davidson provided an Operations report for the month of November 2025, explaining the Field Operations services listed below. He also presented additional Water Systems departmental updates such as leaks and fire hydrant data, and water quality results (total chlorine and nitrite).

Field Operations – November 2025

- Water Samples - 217
- Site Inspections – 67
- Service Orders Completed - 439
- Meters Replaced - 4
- Modules Replaced - 31
- Dig Alerts - 308
- Leaks - 9
- System Valves Replaced - 1
- Air Releases Inspections – 0
- Fire Hydrant Repairs – 2
- Recycled Water Inspections – 20

10.3 Project Update – None.

10.4 Personnel Report – General Manager Tom Coleman reported on the status of the Customer Service Representative and Water Efficiency Specialist recruitments.

11. ATTORNEY’S REPORT – Mr. Samuel Johnson, Best Best & Krieger, provided a legislative update on Senate Bill 707, outlining its amendments to the Brown Act.

12. ADJOURN TO CLOSED SESSION – 8:16 p.m.

a. Conference with Legal Counsel – Anticipated Litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 One case.

b. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Name of Case: Sau Ha Wong v. City of West Covina (Rowland Water District is a named party), Los Angeles Superior Court, Case No. 25PSCV03620.

13. RECONVENE/REPORT ON CLOSED SESSION – 8:46 p.m.

Closed Session Announcements – It was reported by Legal Counsel that the Board was briefed on the facts and circumstances of the closed session matters and no reportable action was taken on the matters.

General Manager’s and Directors’ Comments – None.

Future Agenda Item(s) – General Manager Tom Coleman advised that the Board will conduct a reorganization of office positions at the Regular Board meeting scheduled for January 13, 2026.

Late Business – None.

Director Hsu adjourned the meeting at 8:58 p.m.

JOHN BELLAH
Presiding Director

Attest: _____
TOM COLEMAN
Board Secretary

UNAPPROVED MINUTES



RESOLUTION NO. 12-2025

ROWLAND WATER DISTRICT RESOLUTION OF THE BOARD OF DIRECTORS APPROVING EMPLOYEE-PAID HOLIDAYS AND OFFICE CLOSURE

WHEREAS, the Rowland Water District's ("District") Personnel Rules and Regulations establish specific days of the year as paid holidays for full-time employees; and

WHEREAS, the District's Personnel Rules and Regulations authorize the General Manager, at their discretion, to designate additional paid holidays for full-time employees; and

WHEREAS, over the years, the General Manager has designated Good Friday, Christmas Eve, and New Year's Eve as paid holidays for full-time employees; and

WHEREAS, in order to promote the general health and welfare of the District's full-time employees, the General Manager has requested that the Board of Directors make these paid holidays permanent and approve annual office closure during the period of December 26 through December 31;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Rowland Water District as follows:

- Section 1. The Board of Directors hereby recognizes and approves Good Friday, Christmas Eve, and New Year's Eve as paid holidays for full-time District employees.
- Section 1. The Board of Directors hereby approves an annual office closure during the period of December 26 through December 31. Such closure shall not limit the General Manager's authority to require employees to report to work as necessary to conduct District business.
- Section 2. The Board of Directors hereby authorizes the General Manager, or their designee, to make any amendments or additions to the District's Personnel Rules and Regulations and any other applicable policies or practices necessary to implement this Resolution.

ADOPTED at a regular meeting of the Board of Directors of the Rowland Water District held on December 9, 2025, by the following roll call vote:

AYES: John Bellah, Vanessa Hsu, Robert Lewis, Szu Pei Lu-Yang
NOES: None
ABSTAIN: Anthony Lima
ABSENT: None



JOHN BELLAH
President

Attest:



TOM COLEMAN
General Manager/Board Secretary

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on December 9, 2025.



TOM COLEMAN
General Manager/Board Secretary



RESOLUTION NO. 12.1-2025

ROWLAND WATER DISTRICT RESOLUTION OF THE BOARD OF DIRECTORS ADOPTING AMENDMENTS TO THE RULES AND REGULATIONS FOR POTABLE AND RECYCLED WATER SERVICE

WHEREAS, on October 14, 2025, Rowland Water District ("District") adopted Ordinance No. O-10-2025, establishing a phased prohibition on the irrigation of non-functional turf on commercial, industrial, and institutional properties within the District; and

WHEREAS, on November 4, 2025, the District held a public hearing and adopted Resolution No. 11-2025, fixing the charges for water service; and

WHEREAS, on December 9, 2025, the District adopted Ordinance No. O-12-2025, establishing penalties for water theft and for tampering with District property; and

WHEREAS, the Board of Directors of the District desires to amend the District's Rules and Regulations for Potable and Recycled Water Service ("Rules and Regulations") to ensure consistency with these recent actions;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Rowland Water District as follows:

- Section 1. The Board of Directors hereby adopts the amendments to the Rules and Regulations set forth in Exhibit "A" hereto.
- Section 2. The Board of Directors hereby determines that this Resolution is exempt from CEQA because it does not have a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and also constitutes continuing administrative activities relating to water service. (State CEQA Guidelines, § 15378(a), (b)(2).) Further, even if the adoption of the regulations were to constitute a project for purposes of CEQA, it is exempt pursuant to State CEQA Guidelines section 15061(b)(3), on grounds it can be seen with certainty that the adoption of the regulations will not result in causing a significant effect on the environment.
- Section 3. The Board of Directors hereby authorizes the General Manager, or their designee, to make any further revisions to the District's Rules and Regulations as may be necessary to carry out the intent and purpose of this Resolution.

ADOPTED at a regular meeting of the Board of Directors of the Rowland Water District held on December 9, 2025, by the following roll call vote:

AYES: John Bellah, Vanessa Hsu, Robert Lewis, Szu Pei Lu-Yang
NOES: None
ABSTAIN: Anthony Lima
ABSENT: None



JOHN BELLAH
President

Attest:



TOM COLEMAN
General Manager/Board Secretary

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on December 9, 2025.



TOM COLEMAN
General Manager/Board Secretary



RESOLUTION NO. 12.2-2025
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE ROWLAND WATER DISTRICT
RESCINDING RESOLUTION 6-2022

WHEREAS, on June 14, 2022, the Rowland Water District ("Rowland") Board of Directors adopted Resolution 6-2022 Declaring a Level 2 Water Supply Shortage in response to drought conditions and a state regulation mandating that the District activate Level 2 of its water shortage contingency plan.

WHEREAS, Resolution 6-2022 was adopted pursuant to District Ordinance No. 0-2-2022, which establishes six levels of water supply shortage with escalating water conservation measures for each level; and

WHEREAS, due to improved water supply conditions, the Board of Directors desires to rescind Resolution 6-2022.

NOW THEREFORE, be it resolved by the Board of Directors of Rowland Water District as follows:

1. The Board of Directors hereby rescinds Resolution 6-2022 effective January 1, 2026.

ADOPTED at a regular meeting of the Board of Directors of the Rowland Water District held on December 9, 2025, by the following roll call vote:

ADOPTED at a regular meeting of the Board of Directors of the Rowland Water District held on December 9, 2025, by the following roll call vote:

AYES:	John Bellah, Vanessa Hsu, Robert Lewis, Szu Pei Lu-Yang
NOES:	None
ABSTAIN:	Anthony Lima
ABSENT:	None


JOHN BELLAH
President

Attest:


TOM COLEMAN
General Manager/Board Secretary

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on December 9, 2025.


TOM COLEMAN
General Manager/Board Secretary



RESOLUTION NO. 12.3-2025
Supersedes Resolution No. 12-2024

ROWLAND WATER DISTRICT

**RESOLUTION OF THE BOARD OF DIRECTORS
RE-APPOINTING THE DISTRICT TREASURER AND
DELEGATING AUTHORITY FOR THE INVESTMENT OF SURPLUS FUNDS
OF THE DISTRICT TO THE GENERAL MANAGER/TREASURER**

WHEREAS, the Board of Directors has adopted a Statement of Investment Policy governing the investment of surplus funds of the District not required for the immediate needs of the District as set forth in Resolution No. 12-2024; and,

WHEREAS, on December 8, 2014, the Board of Directors appointed General Manager, TOM COLEMAM, as the Treasurer of the District and delegated to the General Manager/ Treasurer the authority to invest and reinvest surplus funds of the District, and to sell and exchange securities purchased on behalf of the District pursuant to Government Code Section 53607; and,

WHEREAS, the delegation of investment authority to the General Manager/Treasurer was for a period of one year from the date of delegation, and the Board of Directors desires to amend the delegation of investment authority to the current General Manager/Treasurer for a period of one year, which it has done every year since 2014.

NOW THEREFORE, be it resolved by the Board of Directors of the Rowland Water District as follows:

1. The Board of Directors hereby delegates to the General Manager/ Treasurer, TOM COLEMAN the authority and responsibility for the investment of District surplus funds pursuant to the Statement of Investment Policy established by the Board of Directors.
2. In investing surplus funds of the District, the General Manager/Treasurer shall consult with the District's financial advisors and shall exercise judgment and care, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived. The standard of prudence to be used by the General Manager/Treasurer shall be the "prudent investor" standard (Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. The General Manager/Treasurer, acting in accordance with the Investment Policy established by the Board of Directors and exercising due

diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. Within the limitations of the foregoing standard, the General Manager/Treasurer is authorized to invest surplus funds of the District in any of the types of investments permitted under Section 53601 and 53601.1 of the Government Code of the State of California as currently written, and as it may be amended in the future by the Legislature. The General Manager/Treasurer is expressly authorized to invest surplus funds of the District in the Local Agency Investment Fund of the California State Treasurer (Government Code Section 16429.1). All investments of surplus funds of the District shall comply with all of the limitations and requirements of Government Code Sections 53600 through 53609, inclusive and any other legal restrictions imposed by State or Federal law.

3. The General Manager/Treasurer shall establish written procedures for the operation of the investment program consistent with the Statement of Investment Policy which procedures shall include references to safekeeping; repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts as appropriate. The General Manager/Treasurer may delegate to District staff members authority to engage in specific investment transactions and shall institute such controls and restrictions as appropriate to ensure compliance with the Investment Policy. No person may engage in an investment transaction except as provided under the terms of the Investment Policy and the procedures established by the General Manager/Treasurer. The General Manager/Treasurer shall be ultimately responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, outside investment advisors and contracted managers.
4. The General Manager/Treasurer shall make monthly reports of investment transactions made with District funds to the Board of Directors. In addition, the General Manager/Treasurer shall submit to each member of the Board of Directors, a quarterly investment report within thirty (30) days following the end of the quarter covered by the report, which shall include the type of investment, issuer, date of maturity, par and dollar amount invested for all securities, investments and monies of the District, and shall additionally include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs and such other information as is required under Government Code Section 53646. With respect to all securities held by the District, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation. With respect to funds placed in the Local Agency Investment Fund, FDIC-Insured accounts and/or in a county investment pool, the foregoing information may be provided by including a copy of the latest statement from such institutions. The quarterly report shall include a statement that the portfolio is in compliance with this statement of Investment Policy, or shall identify in what respect it is not in compliance. The quarterly report shall include a statement that the District will be able to meet its

anticipated operating expenses and expenditure obligations for the following six months or provide an explanation as to why sufficient money shall or may not be available. The General Manager/Treasurer shall maintain a complete and up-to-date record of all investment transactions. The General Manager/Treasurer shall also report any additional information or data that may be requested by the Board of Directors.

5. The investment authority delegated to the General Manager/Treasurer herein shall continue for one year or until earlier revoked by the Board of Directors.

ADOPTED at a regular meeting of the Board of Directors of the Rowland Water District held on December 9, 2025, by the following roll call vote:

AYES:	John Bellah, Vanessa Hsu, Robert Lewis, Szu Pei Lu-Yang
NOES:	None
ABSTAIN:	Anthony Lima
ABSENT:	None




JOHN BELLAH
President

ATTEST:



TOM COLEMAN
General Manager

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on December 9, 2025.



TOM COLEMAN
Board Secretary



RESOLUTION NO. 12.4-2025
Supersedes Resolution No. 12.1-2024

ROWLAND WATER DISTRICT

**RESOLUTION OF THE BOARD OF DIRECTORS
APPOINTING REPRESENTATIVES TO THE
PUENTE BASIN WATER AGENCY**

WHEREAS, the Rowland Water District entered into an Amended Restated and Renewed Joint Powers Agreement creating the PUENTE BASIN WATER AGENCY, dated October 28, 2009, with Walnut Valley Water District, (the PBWA Agreement); and,

WHEREAS, the PBWA Agreement provides that the PUENTE BASIN WATER AGENCY shall be governed by a Commission consisting of four commissioners, and that the governing body of each of the members shall annually appoint two representatives to the Commission and one alternate to serve in the absence of either of the appointed representatives; and,

WHEREAS, the PBWA Agreement further provides that at least one of the appointed representatives of each member shall be a Director on the governing board of the appointing member; and,

WHEREAS, each Commissioner must file with the PUENTE BASIN WATER AGENCY a certified copy of the resolution of the member appointing him or her,

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Rowland Water District:

1. That ANTHONY J. LIMA, who is a member of the Board of Directors of the Rowland Water District, shall be appointed as a representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
2. That ROBERT W. LEWIS, who is a member of the Board of Directors of the Rowland Water District shall be appointed as a representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY.
3. That TOM COLEMAN, General Manager of Rowland Water District, shall be appointed as an alternate representative of the Rowland Water District to serve on the Commission of the PUENTE BASIN WATER AGENCY in the absence of either of the appointed representatives.

4. That each of the representatives and alternate appointed herein shall serve for a term of one year unless removed and replaced at the pleasure of the Board of Directors, or unless such representative or alternate resigns or becomes incapacitated.

5. That a certified copy of this Resolution be provided to the PUENTE BASIN WATER AGENCY.

ADOPTED at a regular meeting of the Board of Directors of the Rowland Water District held on December 9, 2025, by the following roll call vote:

AYES:	John Bellah, Vanessa Hsu, Robert Lewis, Szu Pei Lu-Yang
NOES:	None
ABSTAIN:	Anthony Lima
ABSENT:	None


JOHN BELLAH
President

ATTEST:


TOM COLEMAN
General Manager

I certify that the forgoing Resolution is a true and correct copy of the Resolution of the Board of Directors of the Rowland Water District adopted on December 9, 2025.


TOM COLEMAN
Board Secretary

Report Criteria:

Report type: GL detail

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
35583						
12/25	12/09/2025	35583	62233	JOHN BELLAH	MILEAGE REIMBURSMENT	67.20
Total 35583:						67.20
35584						
12/25	12/09/2025	35584	3360	ROBERT LEWIS	MILEAGE REIMBURSEMENT	40.88
12/25	12/09/2025	35584	3360	ROBERT LEWIS	TOTAL EXPENSES-PARKING AT ACWA REGION 8 M	25.00
Total 35584:						65.88
35585						
12/25	12/11/2025	35585	62959	GALPIN FORD	2025 FORD F-150 HYBRID	50,182.29
Total 35585:						50,182.29
35586						
12/25	12/15/2025	35586	62558	PUENTE BASIN WATER AGENCY	PM 22/PM 9 CONNECTION	304,776.00
12/25	12/15/2025	35586	62558	PUENTE BASIN WATER AGENCY	TVMWD CONNECTION CAPACITY	2,155.73
12/25	12/15/2025	35586	62558	PUENTE BASIN WATER AGENCY	TVMWD EQUIVALENT SMALL METER	2,729.45
12/25	12/15/2025	35586	62558	PUENTE BASIN WATER AGENCY	TVMWD WATER USE CHARGE	1,510.53
12/25	12/15/2025	35586	62558	PUENTE BASIN WATER AGENCY	MWD CAPACITY CHARGE	8,294.25
Total 35586:						319,465.96
35587						
12/25	12/15/2025	35587	4750	PWR JT WATER LINE COMMISSION	PM 15 Water Use	281,905.20
12/25	12/15/2025	35587	4750	PWR JT WATER LINE COMMISSION	PM 21 Water Use	378,379.90
12/25	12/15/2025	35587	4750	PWR JT WATER LINE COMMISSION	MWD CAPACITY RESERVATION CHARGE	8,378.02
12/25	12/15/2025	35587	4750	PWR JT WATER LINE COMMISSION	TVMWD CONNECTED CAPACITY CHARGE	1,738.95
12/25	12/15/2025	35587	4750	PWR JT WATER LINE COMMISSION	TVMWD WATER USE CHARGE	2,882.06
Total 35587:						673,284.13
35595						
12/25	12/17/2025	35595	62791	CASH	RETIREE GIFT	2,700.00
Total 35595:						2,700.00
35596						
12/25	12/18/2025	35596	1000	ACWA JPIA	EMPLOYEE HEALTH BENEFITS	74,251.03
12/25	12/18/2025	35596	1000	ACWA JPIA	EMPLOYEE VISION BENEFITS	724.95
12/25	12/18/2025	35596	1000	ACWA JPIA	EMPLOYEE ASSISTANCE PROGRAM	66.96
12/25	12/18/2025	35596	1000	ACWA JPIA	EMPLOYEE DENTAL BENEFITS	4,701.57
12/25	12/18/2025	35596	1000	ACWA JPIA	RETIREEES HEALTH BENEFITS	14,827.38
12/25	12/18/2025	35596	1000	ACWA JPIA	DIRECTORS HEALTH BENEFITS	10,102.12
Total 35596:						104,674.01
35597						
12/25	12/18/2025	35597	62622	AKM CONSULTING ENGINEERS	CUATRO PUMP STATION REPLACEMENT	2,355.00
12/25	12/18/2025	35597	62622	AKM CONSULTING ENGINEERS	CUATRO PUMP STATION REPLACEMENT	895.00
12/25	12/18/2025	35597	62622	AKM CONSULTING ENGINEERS	ZONE 1 PRESSURE RELIEF	2,923.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 35597:						6,173.50
35598						
12/25	12/18/2025	35598	62840	AM-TEC TOTAL SECURITY INC	CONTROL MODULE W/RELAY FOR MS-9200	855.92
Total 35598:						855.92
35599						
12/25	12/18/2025	35599	62860	AQUATIC INFORMATICS INC	BASIC SUPPORT	3,094.08
Total 35599:						3,094.08
35600						
12/25	12/18/2025	35600	400	AT&T MOBILITY	MOBILE PHONES, IPADS	1,779.25
Total 35600:						1,779.25
35601						
12/25	12/18/2025	35601	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-GENERAL COUNSEL	11,368.40
12/25	12/18/2025	35601	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-ENVIRONMENTAL LAW	807.25
12/25	12/18/2025	35601	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-WATER RATES	3,552.40
12/25	12/18/2025	35601	62597	BEST BEST & KRIEGER LLP	LEGAL FEES-GENERAL LITIGATION	1,496.00
Total 35601:						17,224.05
35602						
12/25	12/18/2025	35602	62440	BNY MELLON NA	MANAGEMENT FEES	1,500.00
Total 35602:						1,500.00
35603						
12/25	12/18/2025	35603	62810	BREAKING THE CHAIN CONSULTING	2 DAY COACHING/CONSULTING	6,000.00
Total 35603:						6,000.00
35604						
12/25	12/18/2025	35604	62524	BRITTNIE GILDEA	MILEAGE REIMBURSEMENT	25.90
Total 35604:						25.90
35605						
12/25	12/18/2025	35605	62790	C & K TIRE SERVICE	TIRE SERVICE-CAT 420	991.75
Total 35605:						991.75
35606						
12/25	12/18/2025	35606	62955	CATALYST DIVING, INC.	DIVE INSPECTION AND CLEANING OF RESERVOIR	7,600.00
12/25	12/18/2025	35606	62955	CATALYST DIVING, INC.	EXTRAS: FILTER BAGS, BAG REMOVAL, ETC.	650.00
12/25	12/18/2025	35606	62955	CATALYST DIVING, INC.	DIVE INSPECTION AND CLEANING OF RES 4, 10, 1	11,400.00
12/25	12/18/2025	35606	62955	CATALYST DIVING, INC.	WARRANTY DIVE INSPECTION OF RES 8	2,625.00
12/25	12/18/2025	35606	62955	CATALYST DIVING, INC.	EXTRAS: FILTER BAGS, DECHLOR, BAG REMOVAL	820.00
Total 35606:						23,095.00
35607						
12/25	12/18/2025	35607	6966	CINTAS	UNIFORM RENTAL	6,856.10

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 35607:						6,856.10
35608						
12/25	12/18/2025	35608	62552	CINTAS	FIRST AID SUPPLIES	495.96
Total 35608:						495.96
35609						
12/25	12/18/2025	35609	62700	CITIZENS TRUST C/O CITIZEN BUSIN	TRUSTEES FEES	2,486.02
Total 35609:						2,486.02
35610						
12/25	12/18/2025	35610	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM	10,164.00
Total 35610:						10,164.00
35611						
12/25	12/18/2025	35611	62309	CITY OF INDUSTRY CITY HALL	RECYCLED WATER SYSTEM-CIP	4,652.40
Total 35611:						4,652.40
35612						
12/25	12/18/2025	35612	1900	CLINICAL LAB OF S B	WATER SAMPLES	2,378.50
12/25	12/18/2025	35612	1900	CLINICAL LAB OF S B	WATER SAMPLES	2,177.00
Total 35612:						4,555.50
35613						
12/25	12/18/2025	35613	62645	CORE & MAIN	HACH CHEMKEY REAGENTS	517.14
12/25	12/18/2025	35613	62645	CORE & MAIN	HACH CHEMKEY REAGENTS	3,841.25
12/25	12/18/2025	35613	62645	CORE & MAIN	HACH CHEMKEY REAGENTS FLUORIDE	68.03
Total 35613:						4,426.42
35614						
12/25	12/18/2025	35614	62882	CREATIVE MC	BIC INTENSITY CLIC GEL PENS	1,225.00
12/25	12/18/2025	35614	62882	CREATIVE MC	RALLY CLEAR STADIUM TOTES	1,497.00
12/25	12/18/2025	35614	62882	CREATIVE MC	ELECTRIC FANS	8,719.20
12/25	12/18/2025	35614	62882	CREATIVE MC	PLASTIC CHILDRENS HARD HATS	875.00
12/25	12/18/2025	35614	62882	CREATIVE MC	RUBIK'S CUBES	2,586.00
12/25	12/18/2025	35614	62882	CREATIVE MC	RESETUP FEE-RUBIK'S CUBES	27.50
12/25	12/18/2025	35614	62882	CREATIVE MC	SETUP FEE-HARD HATS	60.00
12/25	12/18/2025	35614	62882	CREATIVE MC	SETUP FEE-ELECTRIC FANS	55.00
12/25	12/18/2025	35614	62882	CREATIVE MC	TAX	1,466.86
12/25	12/18/2025	35614	62882	CREATIVE MC	SHIPPING & HANDLING	2,108.21
Total 35614:						18,619.77
35615						
12/25	12/18/2025	35615	62505	D & H WATER SYSTEMS	TIDAL WAVE NON VFD MIXER RES 10	20,200.00
12/25	12/18/2025	35615	62505	D & H WATER SYSTEMS	TIDAL WAVE NON VFD MIXER SPARE	20,200.00
12/25	12/18/2025	35615	62505	D & H WATER SYSTEMS	SHIPPING AND HANDLING	250.00
12/25	12/18/2025	35615	62505	D & H WATER SYSTEMS	TAX	3,963.38

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 35615:						44,613.38
35616						
12/25	12/18/2025	35616	62433	EMPLOYEE RELATIONS INC	BACKGROUND VERIFICATION	179.43
Total 35616:						179.43
35617						
12/25	12/18/2025	35617	62445	EXCEL DOOR & GATE COMPANY	PERFORM SERVICE AND REPAIRS FRONT ENTRY	550.00
12/25	12/18/2025	35617	62445	EXCEL DOOR & GATE COMPANY	INSTALLED 2 CUSTOM LOCK GUARD	900.00
Total 35617:						1,450.00
35618						
12/25	12/18/2025	35618	2550	FRONTIER	INTERNET ACCESS	904.79
Total 35618:						904.79
35619						
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	CREDIT FROM 6/5/24	2,540.00-
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	ASPHALT	24,826.50
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	ASPHALT	8,591.00
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	ASPHALT	5,843.75
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	ASPHALT	7,504.25
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	ASPHALT	11,726.00
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	ASPHALT	40,663.00
12/25	12/18/2025	35619	5600	G M SAGER CONSTRUCTION	ASPHALT	3,238.25
Total 35619:						99,852.75
35620						
12/25	12/18/2025	35620	62822	GABRIELA S PALOMARES	MILEAGE REIMBURSEMENT	25.62
Total 35620:						25.62
35621						
12/25	12/18/2025	35621	62580	GMC ELECTRICAL, INC	ANNUAL CATHODIC PROTECTION SERVICE- COI B	600.00
12/25	12/18/2025	35621	62580	GMC ELECTRICAL, INC	ANNUAL CATHODIC PROTECTION SERVICE	3,600.00
Total 35621:						4,200.00
35622						
12/25	12/18/2025	35622	62812	GROWING ROOTS LLC	MONTHLY PLANT CARE	365.00
Total 35622:						365.00
35623						
12/25	12/18/2025	35623	2600	HACH COMPANY	COMPLIANCE EQUIPMENT	2,572.00
Total 35623:						2,572.00
35624						
12/25	12/18/2025	35624	62526	HARRINGTON INDUSTRIAL PLASTICS	SUPPLIES FOR RES	2,117.75
Total 35624:						2,117.75

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
35625						
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	1,089.63
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	359.12
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	2,044.21
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	276.24
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	705.96
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	675.26
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	648.09
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	2,455.50
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	389.81
12/25	12/18/2025	35625	62624	HASA INC	CHEMICALS FOR RCS	1,596.08
Total 35625:						10,239.90
35626						
12/25	12/18/2025	35626	62925	HENSCHEL PUMP TEST LLC	EFFICIENCY TEST & IR INSPECTION	2,475.00
Total 35626:						2,475.00
35627						
12/25	12/18/2025	35627	379	HIGHROAD INFORMATION TECHNOL	MAINTENANCE, SUPPORT AND SOFTWARE RENE	11,142.00
12/25	12/18/2025	35627	379	HIGHROAD INFORMATION TECHNOL	MANAGED IT SERVICES	7,416.00
Total 35627:						18,558.00
35628						
12/25	12/18/2025	35628	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	1,028.15
12/25	12/18/2025	35628	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	1,154.33
12/25	12/18/2025	35628	27211	HILL BROS CHEMICAL CO	CHEMICAL FOR RES	1,091.24
Total 35628:						3,273.72
35629						
12/25	12/18/2025	35629	2724	HOME DEPOT CREDIT SERVICES	TOOLS & SUPPLIES	1,108.31
12/25	12/18/2025	35629	2724	HOME DEPOT CREDIT SERVICES	SUPPLIES FOR RC	37.50
Total 35629:						1,145.81
35630						
12/25	12/18/2025	35630	3000	INDUSTRY BUSINESS COUNCIL	MEMBERSHIP DUES	275.00
Total 35630:						275.00
35631						
12/25	12/18/2025	35631	62435	INDUSTRY PUBLIC UTILITY COMMISSI	PUMPING POWER-PUMPSTATION 2A	1,025.53
Total 35631:						1,025.53
35632						
12/25	12/18/2025	35632	244	INFOSEND INC	BILLING SERVICE	2,454.25
12/25	12/18/2025	35632	244	INFOSEND INC	INSERTS-JULY-AUGUST 2024	1,017.60
12/25	12/18/2025	35632	244	INFOSEND INC	BILLING SERVICE	99.95
12/25	12/18/2025	35632	244	INFOSEND INC	BILLING SERVICE	2,183.68
12/25	12/18/2025	35632	244	INFOSEND INC	BILLING SERVICE	2,139.58
Total 35632:						7,895.06

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
35633						
12/25	12/18/2025	35633	62777	J DE SIGIO CONSTRUCTION INC	INSTAL NEW 2" POTABLE WATER SERVICES	8,450.00
Total 35633:						8,450.00
35634						
12/25	12/18/2025	35634	62066	JANITORIAL SYSTEMS	MONTHLY JANITORIAL SERVICES	660.00
12/25	12/18/2025	35634	62066	JANITORIAL SYSTEMS	WINDOW CLEANING	450.00
Total 35634:						1,110.00
35635						
12/25	12/18/2025	35635	3299	LA HABRA FENCE COMPANY LLC	REPAIR CUT IN PERIMETER FENCE	822.00
Total 35635:						822.00
35636						
12/25	12/18/2025	35636	62664	M & J TREE SERVICE	CLEAN UP AND HAUL AWAY LARGE EUCALYPTUS	2,000.00
12/25	12/18/2025	35636	62664	M & J TREE SERVICE	MAINTENANCE SERVICE 6 SITES	6,600.00
12/25	12/18/2025	35636	62664	M & J TREE SERVICE	MONTHLY MAINTENANCE-WBS	600.00
Total 35636:						9,200.00
35637						
12/25	12/18/2025	35637	62573	MANAGED MOBILE INC	FLEET MAINTENANCE MANAGEMENT	55.00
Total 35637:						55.00
35638						
12/25	12/18/2025	35638	257	MCMaster-CARR SUPPLY CO	SUPPLIES FOR RES	364.06
12/25	12/18/2025	35638	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	561.19
12/25	12/18/2025	35638	257	MCMaster-CARR SUPPLY CO	TOOLS & SUPPLIES	101.35
Total 35638:						1,026.60
35639						
12/25	12/18/2025	35639	62932	NAZ ELECTRIC AND CONTROLS INC	RES 13 MIXER INSTALL	2,180.00
12/25	12/18/2025	35639	62932	NAZ ELECTRIC AND CONTROLS INC	LOW LEVEL ALARM TROUBLESHOOTING-COI BAC	2,865.00
12/25	12/18/2025	35639	62932	NAZ ELECTRIC AND CONTROLS INC	RES 10 MIXER SWAP AND RELOCATION	2,700.00
Total 35639:						7,745.00
35640						
12/25	12/18/2025	35640	189	NOBEL SYSTEMS	UPDATES TO DISTRICT'S GIS DATA	4,020.00
Total 35640:						4,020.00
35641						
12/25	12/18/2025	35641	62933	ONTARIO REFRIGERATION SERVICES	MAINTENANCE AGREEMENT	712.00
Total 35641:						712.00
35642						
12/25	12/18/2025	35642	62649	OPARC	PAINTING FIRE HYDRANTS	2,096.63
Total 35642:						2,096.63

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
35643						
12/25	12/18/2025	35643	62945	PACIFIC FLEET SERVICES INC	SERVICE TRUCK 28	528.90
Total 35643:						528.90
35644						
12/25	12/18/2025	35644	62448	PARS	ANNUAL ASSET FEE (PRORATED MONTHLY)	2,081.37
Total 35644:						2,081.37
35645						
12/25	12/18/2025	35645	62550	PRIME SYSTEMS INDUSTRIAL AUTOM	SCADA SUPPORT SERVICES	8,994.40
Total 35645:						8,994.40
35646						
12/25	12/18/2025	35646	62771	PUBLIC WATER AGENCIES GROUP	ASSESSMENT FOR EMERGENCY PREPAREDNESS	2,110.22
Total 35646:						2,110.22
35647						
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	SERVICE & REG FEE-1905 FAIRPLEX	25.50
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	LEGAL-OCT 2025	556.25
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	CIVILTEC WELL MGMT	300.00
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	SIERRA WATER GROUP	7,384.37
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	REEB-DEC 2025	2,000.00
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	SERVICE & REG FEE-2525 C	25.50
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	WEST YOST-OCT 2025	946.00
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	AUDIT FY 24-25	1,250.00
12/25	12/18/2025	35647	5000	PUENTE BASIN WATER AGENCY	REEB-JAN 2026	2,000.00
Total 35647:						14,487.62
35648						
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK 36	166.23
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK 37	472.53
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK 45	2,814.65
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK 31	227.60
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK #49	209.40
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK #7	179.03
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK #39	692.73
12/25	12/18/2025	35648	62660	PUENTE HILLS FORD	TRUCK #46	614.77
Total 35648:						5,376.94
35649						
12/25	12/18/2025	35649	5100	PUENTE READY MIX INC	SAND & CAB BASE	1,426.75
Total 35649:						1,426.75
35650						
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	2,868.43
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR RES 7 REHAB	508.14
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	16" BUTTERFLY VALVE	4,551.00
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	TAX	443.73
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	65.85
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR VALVES	1,340.64

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	1,224.22
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR SERVICES	85.61
12/25	12/18/2025	35650	62502	S & J SUPPLY COMPANY, INC	SUPPLIES FOR MAINS	144.87
Total 35650:						11,232.49
35651						
12/25	12/18/2025	35651	62534	SHRED IT C/O STERICYCLE INC	SHREDDING SERVICE	201.26
Total 35651:						201.26
35652						
12/25	12/18/2025	35652	62259	SITONE LANDSCAPE SUPPLY	SUPPLIES FOR RES	165.62
Total 35652:						165.62
35653						
12/25	12/18/2025	35653	62691	SJ LYONS CONSTRUCTION INC	REPLACE FRONT ENTRY/LOBBY THRESHOLD	1,700.00
Total 35653:						1,700.00
35654						
12/25	12/18/2025	35654	62936	SOCAL #1 DETAILING & MOBILE WAS	TRUCKS INTERIOR AND EXTERIOR WASH-SERVIC	460.00
12/25	12/18/2025	35654	62936	SOCAL #1 DETAILING & MOBILE WAS	TRUCKS INTERIOR AND EXTERIOR WASH-SERVIC	390.00
Total 35654:						850.00
35655						
12/25	12/18/2025	35655	3550	SOUTHERN COUNTIES FUELS	UNLEADED FUEL	5,853.13
Total 35655:						5,853.13
35656						
12/25	12/18/2025	35656	62813	SOUTHLAND CIVIL ENGINEERING & S	ESTABLISH PROPERTY BOUNDARY FOR WEST AN	675.00
Total 35656:						675.00
35657						
12/25	12/18/2025	35657	62895	STAPLES	OFFICE SUPPLIES	1,166.86
Total 35657:						1,166.86
35658						
12/25	12/18/2025	35658	2185	SWRCB ACCOUNTING OFFICE	WATER SYSTEM ANNUAL FEES	69,932.96
Total 35658:						69,932.96
35659						
12/25	12/18/2025	35659	62595	SWRCB ACCOUNTING OFFICE	ANNUAL PERMIT FEE	3,630.00
12/25	12/18/2025	35659	62595	SWRCB ACCOUNTING OFFICE	ANNUAL PERMIT FEE-FUEL THEFT CLEANUP	563.00
Total 35659:						4,193.00
35660						
12/25	12/18/2025	35660	62695	TRAVIS NOELTE	TOTAL EXPENSES-BACKFLOW TESTER CERT	340.00
12/25	12/18/2025	35660	62695	TRAVIS NOELTE	TOTAL EXPENSES-CROSS CONNECTION CONTRO	135.00

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 35660:						475.00
35661						
12/25	12/18/2025	35661	62928	TT TECHNOLOGIES INC	TOOLS & SUPPLIES	2,879.93
Total 35661:						2,879.93
35662						
12/25	12/18/2025	35662	6950	UNDERGROUND SERVICE ALERT	SERVICE ALERT	282.00
Total 35662:						282.00
35663						
12/25	12/18/2025	35663	62958	UNIFIED FIELD SERVICES CORPORAT	RESERVOIR 7 REHABILITATION	30,131.25
Total 35663:						30,131.25
35664						
12/25	12/18/2025	35664	2360	USC FOUNDATION OFFICE	ANNUAL MEMBERSHIP RENEWAL	562.25
Total 35664:						562.25
35665						
12/25	12/18/2025	35665	62850	VALLEY VISTA SERVICES INC	TRASH SERVICE	284.35
Total 35665:						284.35
35666						
12/25	12/18/2025	35666	3025	VOLVO CONSTRUCTION EQUIPMENT	SERVICE-ERROR CODES	1,574.79
Total 35666:						1,574.79
35667						
12/25	12/18/2025	35667	2900	VULCAN MATERIAL COMPANY	COLD MIX	2,818.32
12/25	12/18/2025	35667	2900	VULCAN MATERIAL COMPANY	COLD MIX	3,035.38
Total 35667:						5,853.70
35668						
12/25	12/18/2025	35668	7700	WALNUT VALLEY WATER DISTRICT	RECYCLED WATER	530.38
Total 35668:						530.38
35669						
12/25	12/18/2025	35669	62432	WASTE MANAGEMENT COMPANY	HAUL DIRT	3,301.70
Total 35669:						3,301.70
35670						
12/25	12/18/2025	35670	62927	WEST YOST	AWIA CYBER ASSESSMENTS	1,385.25
Total 35670:						1,385.25
35671						
12/25	12/18/2025	35671	62763	WESTERLY METER SERVICE CO LLC	METER TESTING	4,189.50

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
Total 35671:						4,189.50
35672						
12/25	12/18/2025	35672	7950	WESTERN WATER WORKS SUPPLY	RES 7 REHAB	1,141.40
12/25	12/18/2025	35672	7950	WESTERN WATER WORKS SUPPLY	MATERIAL FOR HYDRANTS	3,642.82
12/25	12/18/2025	35672	7950	WESTERN WATER WORKS SUPPLY	SUPPLIES FOR SERVICES	1,660.74
12/25	12/18/2025	35672	7950	WESTERN WATER WORKS SUPPLY	SUPPLIES FOR MAINS	838.93
12/25	12/18/2025	35672	7950	WESTERN WATER WORKS SUPPLY	SUPPLIES FOR VALVES	2,303.66
12/25	12/18/2025	35672	7950	WESTERN WATER WORKS SUPPLY	SUPPLIES FOR HYDRANTS	3,191.86
Total 35672:						12,779.41
35673						
12/25	12/18/2025	35673	321	WIENHOFF DRUG TESTING INC	ANNUAL CONSORTIUM MEMBERSHIP	1,035.00
Total 35673:						1,035.00
35674						
12/25	12/18/2025	35674	62881	ZENNER USA INC	METER STAND	133.55
Total 35674:						133.55
35675						
12/25	12/18/2025	35675	62843	ZEROREZ INC	COMMERICAL CARPET CLEANING	299.00
Total 35675:						299.00
12022025						
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	MISC EXPENSES	8,307.58
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	VEHICLE EXPENSE	363.56
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	CONFERENCE & MEETING EXPENSES	602.34
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	TOOLS & SUPPLIES	459.44
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	OFFICE SUPPLIES	1,627.59
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	CONSERVATION EXPENSES	1,413.21
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	PERMIT	694.00
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	POSTAGE	48.80
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	SUPPLIES FOR RC	694.00
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	COMMUNITY OUTREACH	398.81
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	MAINTENANCE & OPERATIONS	16.12
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	GRANBY RES INLET CLA-VAL	3,186.99
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	IT LICENSING	83.40
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	PERMITS	2,082.00
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	IT SUPPORT	1,328.98
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	GOTO CONNECT	710.62
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	STARLINK	65.00
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	STARLINK	56.89
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	STARLINK	120.00
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	CENTRAL COMMUNICATION	556.83
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	DIRECTV	109.99
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	SPECTRUM	899.00
12/25	12/02/2025	120220	1070	AMERICAN EXPRESS	CHATGPT PLUS	20.00
Total 12022025:						23,845.15
12042025						
12/25	12/04/2025	120420	1476	BUSINESS CARD (VISA)	MISC EXPENSES	4,156.59

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
12/25	12/04/2025	120420	1476	BUSINESS CARD (VISA)	CONSERVATION EXPENSE	460.63
12/25	12/04/2025	120420	1476	BUSINESS CARD (VISA)	MISC-HASKONING PHILIPPINES	1,303.71
Total 12042025:						5,920.93
12092025						
12/25	12/09/2025	120920	62849	HAYES AUTOMATION INC.	WATER QUALITY TESTING SUPPLIES	1,012.30
Total 12092025:						1,012.30
12162025						
12/25	12/16/2025	121620	5800	SO CALIFORNIA EDISON	OFFICE POWER	3,222.13
12/25	12/16/2025	121620	5800	SO CALIFORNIA EDISON	PUMPING POWER	44,678.70
Total 12162025:						47,900.83
120420251						
12/25	12/04/2025	120420	5900	SOCALGAS	GAS UTILITY BILL	121.54
Total 120420251:						121.54
120420252						
12/25	12/04/2025	120420	5900	SOCALGAS	GAS UTILITY BILL	230.25
Total 120420252:						230.25
120920252						
12/25	12/09/2025	120920	62849	HAYES AUTOMATION INC.	WATER QUALITY TESTING SUPPLIES	67.88
Total 120920252:						67.88
Grand Totals:						1,775,613.52

Summary by General Ledger Account Number

GL Account	Debit	Credit	Proof
11185-0	50,182.29	.00	50,182.29
11505-0	87,969.89	.00	87,969.89
13850-0	1,303.71	.00	1,303.71
222100	2,540.00	1,778,153.52-	1,775,613.52-
51310-0	965,061.10	.00	965,061.10
51410-1	4,392.59	.00	4,392.59
51410-2	3,894.68	.00	3,894.68
51410-3	2,729.45	.00	2,729.45
51410-5	16,672.27	.00	16,672.27
51510-0	15,346.78	.00	15,346.78
51910-0	14,487.62	.00	14,487.62
52210-0	2,475.00	.00	2,475.00
52310-0	45,704.23	.00	45,704.23
54209-0	731.50	.00	731.50
54210-0	27,161.47	.00	27,161.47
54211-0	95,729.83	2,540.00-	93,189.83
54212-0	4,323.05	.00	4,323.05
54213-0	26,094.43	.00	26,094.43

GL Account	Debit	Credit	Proof
54214-0	11,148.55	.00	11,148.55
54215-0	8,931.31	.00	8,931.31
54216-0	8,994.40	.00	8,994.40
54217-0	13,513.62	.00	13,513.62
54218-0	11,715.00	.00	11,715.00
54219-0	600.00	.00	600.00
56210-0	13,027.53	.00	13,027.53
56211-0	6,067.39	.00	6,067.39
56214-0	2,794.45	.00	2,794.45
56215-0	1,872.25	.00	1,872.25
56216-0	48.80	.00	48.80
56217-0	159.60	.00	159.60
56218-0	17,224.05	.00	17,224.05
56218-2	2,110.22	.00	2,110.22
56219-0	7,014.96	.00	7,014.96
56220-0	10,810.66	.00	10,810.66
56221-0	1,416.41	.00	1,416.41
56223-0	627.34	.00	627.34
56226-0	11,225.40	.00	11,225.40
56312-0	26,097.90	.00	26,097.90
56320-0	6,000.00	.00	6,000.00
56411-0	74,251.03	.00	74,251.03
56413-0	4,701.57	.00	4,701.57
56415-0	724.95	.00	724.95
56417-0	14,827.38	.00	14,827.38
56419-0	66.96	.00	66.96
56421-0	10,102.12	.00	10,102.12
56710-0	2,566.54	.00	2,566.54
56812-0	15,839.56	.00	15,839.56
57310-0	12,253.75	.00	12,253.75
57312-0	5,110.22	.00	5,110.22
57314-0	4,884.04	.00	4,884.04
57315-0	4,555.50	.00	4,555.50
57319-0	20,493.61	.00	20,493.61
57320-0	475.00	.00	475.00
57321-0	79,069.56	.00	79,069.56
57323-0	2,572.00	.00	2,572.00
Grand Totals:	<u>1,780,693.52</u>	<u>1,780,693.52-</u>	<u>.00</u>

Report Criteria:

Report type: GL detail



ROWLAND WATER DISTRICT

CASH AND INVESTMENTS

As of November 30, 2025

Description / Type	Term	Shares / Units Held	Purchase Price	Current Price	Maturity Date	Current Yield	Current Value	% of Portfolio
Cash								
Citizens Business Bank							\$ 3,448,700	
Total Cash							\$ 3,448,700	
Local Agency Investment Fund (LAIF)	N/A					4.10%	\$ 4,100,088	15.76%
California Class (CA Class)	N/A					4.02%	\$ 502,628	1.93%
Citizens Trust Investments (US Bank Custodian)								
Fed'l Home Loan Mtg. Corp. - B2B6	4 Year	1,000,000	99.7800	99.9080	10/15/2029	3.75%	\$ 999,080	3.84%
Fed'l Home Loan Mtg. Corp. - A4H3	3 Year	500,000	100.0000	99.9710	1/21/2028	4.62%	\$ 499,855	1.92%
Fed'l National Mtg. Assn. - C5D3	4 Year	900,000	100.0000	99.9010	11/13/2029	3.82%	\$ 899,109	3.46%
Fed'l National Mtg. Assn. - AX89	3 Year	400,000	99.5500	100.1690	7/21/2028	4.09%	\$ 400,676	1.54%
Fed'l National Mtg. Assn. - A5M7	3 Year	300,000	99.9800	99.8460	1/13/2028	4.56%	\$ 299,538	1.15%
Fed'l National Mtg. Assn. - AZT1	3 Year	400,000	100.0000	100.1670	3/2/2029	4.62%	\$ 400,668	1.54%
Fed'l National Mtg. Assn. - AXH7	5 Year	1,000,000	99.6000	99.7560	8/27/2030	3.76%	\$ 997,560	3.83%
Fed'l National Mtg. Assn. - APH6	5 Year	500,000	99.9700	100.0350	8/27/2030	4.06%	\$ 500,175	1.92%
Fed'l Home Loan Banks - LGR9	5 Year	500,000	100.0000	99.2750	2/26/2026	0.86%	\$ 496,375	1.91%
Fed'l Home Loan Banks - LLD4	5 Year	250,000	99.9250	99.0900	3/17/2026	0.88%	\$ 247,725	0.95%
Fed'l Home Loan Banks - MUX8	5 Year	200,000	99.9300	99.0120	3/30/2026	0.88%	\$ 198,024	0.76%
Fed'l Home Loan Banks - P6M2	5 Year	200,000	100.0000	97.7930	9/30/2026	1.04%	\$ 195,586	0.75%
Fed'l Home Loan Bank - Q7E7	5 Year	200,000	99.9050	98.7340	6/30/2026	1.52%	\$ 197,468	0.76%
Fed'l Home Loan Bank - QJD6	4 Year	200,000	99.7190	98.0040	10/27/2026	1.53%	\$ 196,008	0.75%
Fed'l Home Loan Bank - 8E32	5 Year	1,000,000	99.7600	99.9800	10/28/2030	3.75%	\$ 999,800	3.84%
Fed'l Home Loan Bank - 7VX8	3 Year	1,200,000	100.0000	100.0190	10/2/2028	3.80%	\$ 1,200,228	4.61%
Fed'l Home Loan Bank - 7WY6	4 Year	800,000	100.0000	99.9470	10/2/2029	3.90%	\$ 799,576	3.07%
Fed'l Home Loan Bank - 5ZE1	3 Year	500,000	100.0000	100.0170	4/28/2028	4.10%	\$ 500,085	1.92%
Fed'l Home Loan Bank - 6VG8	3 Year	200,000	100.0000	100.4010	6/26/2028	4.08%	\$ 200,802	0.77%
Fed'l Home Loan Bank - 6CN4	5 Year	200,000	100.0000	100.0010	5/3/2030	4.13%	\$ 200,002	0.77%
Fed'l Home Loan Bank - 3ED1	3 Year	500,000	100.0000	100.0160	10/21/2027	4.15%	\$ 500,080	1.92%
Fed'l Home Loan Bank - 5MR6	5 Year	400,000	99.9590	100.8180	3/20/2030	4.22%	\$ 403,272	1.55%
Fed'l Home Loan Bank - 6LD6	3 Year	200,000	100.0000	100.3530	5/26/2028	4.23%	\$ 200,706	0.77%
Fed'l Home Loan Bank - 36C2	4 Year	700,000	100.0000	100.0120	10/10/2028	4.25%	\$ 700,084	2.69%
Fed'l Home Loan Bank - 3G72	3 Year	200,000	100.0000	100.0580	10/22/2027	4.25%	\$ 200,116	0.77%
Fed'l Home Loan Bank - 6JZ0	2 Year	300,000	100.0000	100.1370	11/22/2027	4.24%	\$ 300,411	1.15%
Fed'l Home Loan Bank - 72H6	5 Year	500,000	100.0000	100.4370	7/15/2030	4.28%	\$ 502,185	1.93%
Fed'l Home Loan Bank - 4RC7	3 Year	500,000	100.0000	101.0500	7/27/2029	4.45%	\$ 505,250	1.94%
Fed'l Home Loan Bank - 5AV0	3 Year	300,000	100.0000	99.9980	2/25/2028	4.55%	\$ 299,994	1.15%
Fed'l Home Loan Bank - 4P70	5 Year	500,000	100.0000	101.7320	1/10/2030	4.52%	\$ 508,660	1.96%
Fed'l Home Loan Bank - WLZ1	2 Year	180,000	99.9180	100.5310	6/12/2026	4.72%	\$ 180,956	0.70%
Fed'l Home Loan Bank - 0UQ0	3 Year	500,000	100.0000	100.1680	4/15/2027	4.99%	\$ 500,840	1.93%
Apple Inc. - 3DU1	5 Year	400,000	91.0880	91.0830	8/4/2026	1.81%	\$ 364,332	1.40%
Apple Inc. - 3BZ2	2 Year	300,000	94.5180	99.0790	8/4/2026	2.47%	\$ 297,237	1.14%
Apple Inc. - 3CJ7	3 Year	200,000	96.8220	99.5550	2/9/2027	3.36%	\$ 199,110	0.77%
Applied Mats Inc - 2AS4	4 Year	200,000	100.5370	102.7210	6/15/2029	4.67%	\$ 205,442	0.79%
Applied Mats Inc - 2AS4	4 Year	200,000	100.0650	102.7210	6/15/2029	4.67%	\$ 205,442	0.79%
Applied Mats Inc - 2AS4	4 Year	200,000	102.9740	102.7210	6/15/2029	4.67%	\$ 205,442	0.79%
Caterpillar Financial Services - UAJ9	4 Year	200,000	103.2490	102.9610	2/27/2029	4.71%	\$ 205,922	0.79%
Deere John Capital - EWT2	2 Year	150,000	100.5690	100.2590	3/3/2026	5.04%	\$ 150,389	0.58%
Emerson Elec Co - 1B06	4 Year	200,000	90.3290	94.7110	12/21/2028	2.11%	\$ 189,422	0.73%
Emerson Elec Co - 1B06	4 Year	400,000	94.7290	94.7110	12/21/2028	2.11%	\$ 378,844	1.46%
Florida Pwr & Lt Co - 1GP6	5 Year	300,000	102.5340	102.0650	5/15/2030	4.53%	\$ 306,195	1.18%
Florida Pwr & Lt Co - 1GN1	3 Year	200,000	99.6340	101.2620	5/15/2028	4.34%	\$ 202,524	0.78%
Florida Pwr & Lt Co - 1GN1	3 Year	200,000	100.4060	101.2620	5/15/2028	4.34%	\$ 202,524	0.78%
Home Depot Inc - 6BN1	2 Year	200,000	93.7730	98.7030	9/15/2026	2.15%	\$ 197,406	0.76%
Home Depot Inc - 6CW0	4 Year	200,000	100.7790	102.9310	4/15/2029	4.76%	\$ 205,862	0.79%
Home Depot Inc - 6CW0	4 Year	200,000	103.3300	102.9310	4/15/2029	4.76%	\$ 205,862	0.79%
Honeywell International - 6BL9	2 Year	150,000	94.6540	98.7590	11/1/2026	2.53%	\$ 148,139	0.57%
Honeywell International - 6CL8	4 Year	200,000	98.6090	100.8940	1/15/2029	4.21%	\$ 201,788	0.78%
John Deere Capital Corporation - EXB0	4 Year	200,000	101.1140	102.7500	7/14/2028	4.82%	\$ 205,500	0.79%
Texas Instruments - 8CE2	3 Year	400,000	100.6293	100.8120	2/8/2027	4.56%	\$ 403,248	1.55%
Texas Instruments - 8CG7	4 Year	200,000	99.9590	102.2910	2/8/2029	4.50%	\$ 204,582	0.79%
Texas Instruments - 8CK8	5 Year	200,000	102.2880	102.0590	5/23/2030	4.41%	\$ 204,118	0.78%
Toyota Mtr Corp - TNJ0	5 Year	400,000	103.0850	102.6520	5/15/2030	4.68%	\$ 410,608	1.58%
Toyota Mtr Corp - TLB9	3 Year	200,000	101.5440	103.6640	9/11/2028	5.06%	\$ 207,328	0.80%
Cash Reserve Account						3.88%	\$ 471,465	1.81%
Total Citizens Trust Investments							\$ 21,409,624	82.31%
Total Investments							\$ 26,012,339	100.00%
Total Cash & Investments							\$ 29,461,040	

Market values determined on last business day of the month. All listed investments comply with the District's Statement of Investment Policy as established in Resolution 2-2007. The District's available cash and investment portfolio provides sufficient cash flow and liquidity to meet all normal obligations for at least a six-month period of time.

NOTE: All interest values show above are based on annual rates of return.



ROWLAND WATER DISTRICT

PROFIT & LOSS (Unaudited)

November 2025

	Nov-25	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD (Unaudited)
1 OPERATING REVENUE						
2 Water Sales	\$ 1,542,702	\$ 8,213,280	\$ 18,459,100	\$ 10,245,820	44%	\$ 8,269,131
3 Meter Charges	1,074,554	5,377,389	13,484,000	8,106,611	40%	5,212,953
4 Customer Fees	48,632	156,288	421,400	265,112	37%	764,433
5 Contract Income	7,538	81,658	224,600	142,942	36%	111,619
6 RWD Labor Sales/Reimbursements	9,742	86,178	191,800	105,622	45%	140,091
7 Capacity Fees	1,006	2,013	50,000	47,987	4%	69,770
8 Flow Tests	2,275	8,125	19,200	11,075	42%	10,400
9 Return Check Fees	570	3,030	6,900	3,870	44%	2,220
10 Uncollectable	-	-	(63,900)	(63,900)	0%	-
11 TOTAL OPERATING REVENUE	2,687,019	13,927,960	32,793,100	18,865,140	42%	14,580,616
12 NON-OPERATING REVENUE						
13 Property Taxes	6,588	15,623	467,100	451,477	3%	18,786
14 Interest Income	61,214	351,123	600,000	248,877	59%	287,316
15 Miscellaneous Income	1,000	277	25,000	24,723	1%	98,469
16 TOTAL NON-OPERATING REVENUE	68,802	367,023	1,092,100	725,077	34%	404,570
17 TOTAL REVENUES	2,755,821	14,294,983	33,885,200	19,590,217	42%	14,985,186
18 OPERATING EXPENSES						
19 Source of Supply						
20 Water Purchases	980,859	5,630,704	13,844,800	8,214,096	41%	5,452,991
21 Pumping Power	41,172	210,445	578,100	367,655	36%	242,896
22 Fixed Charges	27,689	136,563	470,800	334,237	29%	107,588
23 Chemicals	16,729	71,192	97,000	25,808	73%	40,618
24 Total Source of Supply	1,066,449	6,048,904	14,990,700	8,941,797	40%	5,844,093
25 Maintenance of Water System	138,684	348,547	763,700	415,153	46%	354,878
26 Service Contracts	29,122	235,062	461,700	226,638	51%	190,923
27 Assessments	11,238	83,507	328,200	244,693	25%	51,290
28 Vehicle Expense	11,014	60,331	173,600	113,269	35%	63,882
29 Tools & Supplies	4,491	20,119	50,200	30,081	40%	21,449
30 Equipment Expense	2,567	5,432	45,500	40,068	12%	24,569
31 Maintenance & Operations	(7,838)	24,540	60,300	35,760	41%	29,745
32 Engineering	14,679	48,905	250,000	201,095	20%	110,322
33 Water Tests	4,556	18,917	32,000	13,083	59%	11,448
34 Conservation	1,874	40,429	80,000	39,571	51%	31,278
35 Community Outreach	9,783	93,382	152,300	58,918	61%	49,660
36 TOTAL OPERATING EXPENSES	1,286,617	7,028,076	17,388,200	10,360,124	40%	6,783,538
37 ADMINISTRATIVE EXPENSES						
38 Liability Insurance	-	297,248	335,400	38,152	89%	304,945
39 IT Support Services	11,171	71,273	144,300	73,027	49%	53,220
40 IT Licensing	37,897	100,752	328,300	227,548	31%	149,066
41 Director Expense	13,666	63,962	200,900	136,938	32%	76,129
42 Bank / Management Fees	27,668	136,457	345,600	209,143	39%	123,898
43 Legal Fees	19,334	88,245	200,000	111,755	44%	72,107
44 Compliance	12,274	56,735	177,100	120,365	32%	45,977
45 Auditing & Accounting	-	12,350	35,000	22,650	35%	25,950
46 Utility Services	20,551	56,341	137,600	81,259	41%	55,606



ROWLAND WATER DISTRICT

PROFIT & LOSS (Unaudited)

November 2025

	Nov-25	Year-to-Date (YTD)	Budget (Annual)	Under / (Over) Budget	YTD Budget %	Prior YTD (Unaudited)
47 Dues & Memberships	2,835	49,291	75,200	25,909	66%	47,447
48 Conference & Meetings	581	17,792	76,000	58,208	23%	27,897
49 Office Expenses	2,843	12,706	41,600	28,894	31%	10,422
50 Seminars/Training	6,000	36,057	114,300	78,243	32%	53,040
51 Miscellaneous Expense	13,998	63,629	160,200	96,571	40%	90,324
52 TOTAL ADMINISTRATIVE EXPENSES	168,819	1,062,838	2,371,500	1,308,662	45%	1,136,026
53 PERSONNEL EXPENSES						
54 Wages						
55 Operations	100,581	493,665	1,432,300	938,635	34%	480,639
56 Distribution	126,545	587,832	1,588,700	1,000,868	37%	559,727
57 Administration	162,687	792,227	2,083,000	1,290,773	38%	742,364
58 Total Wages	389,813	1,873,724	5,104,000	3,230,276	37%	1,782,731
59 Payroll Taxes	22,853	118,638	363,900	245,262	33%	113,937
60 Workers Compensation	-	13,078	109,100	96,022	12%	19,290
61 Unemployment	-	225	6,400	6,175	4%	-
62 CalPERS	52,510	474,690	937,000	462,310	51%	352,104
63 OPEB Contributions	-	-	-	-	0%	-
64 EE & Retiree Health Insurance	80,339	401,864	1,095,900	694,036	37%	368,206
65 TOTAL PERSONNEL EXPENSES	545,515	2,882,219	7,616,300	4,734,081	38%	2,636,267
66 TOTAL EXPENSES	2,000,951	10,973,133	27,376,000	16,402,867	40%	10,555,831
67 NET INCOME / (LOSS) - BEFORE DEBT SERVICE & CAPITAL EXPENDITURES	754,870	3,321,850	6,509,200	3,187,350	51%	4,429,356
68 Less: Total Debt Service	-	-	(2,439,200)	2,439,200	0%	(355,899)
69 Less: Capital Expenses (Current Year)	(47,313)	(202,150)	(4,131,300)	3,929,150	5%	(510,661)
70 CASH INCREASE / (DECREASE)	\$ 707,557	\$ 3,119,701	\$ (61,300)	\$ 3,181,001		\$ 3,562,796

**No assurance is provided on these financial statements. The financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States are not included.*



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2025

1. OPERATING REVENUE

2. Water Sales – volumetric water sales revenue from all customer types including residential, commercial, public, industrial, recycled and construction. YTD is at 44%.
3. Meter Charges – the fixed monthly base rate charged to water customers each month (includes all customer types). YTD is at 40%.
4. Customer Fees – various fees conditionally charged to customers such as penalties, new service connections, reconnections, backflow administration, cross connections, connections and recycled water checks/inspections. These types of fees are unpredictable in nature and can often trend over/under expected budget. YTD is at 37%.
5. Contract Income – contains revenues from cell tower lease contracts. YTD is at 36%.
6. RWD Labor Sales/Reimbursements – water sold on construction invoices, City of Industry labor sales and Puente Basin Water Agency (PBWA) and Pomona-Walnut-Rowland Joint Water Line Commission (PWR JWLC) treasurer fees. The frequency and amounts of these revenues are unknown and can occasionally trend over/under budget due to their unpredictable nature. YTD is at 45%.
7. Capacity Fees – fees imposed on any property or person requesting a new, additional or larger connection to the District's potable water system (fees vary by meter size). These receipts are uncertain and can trend over/under budget due to their unpredictable nature. YTD is at 4%.
8. Flow Tests – fire flow tests performed by District personnel to measure the volume of water available at a specific hydrant (\$350 per test). YTD is at 42%.
9. Return Check Fees – customers are charged a fee when the District is paid with insufficient funds checks and checks are returned by the bank. These receipts are uncertain and can trend over/under budget due to their unpredictable nature. YTD is currently at 44%.
10. Uncollectable – the District analyzes customer receivables at the end of each year and recognizes an expense equal to the estimated amount of cash that may not be collected. Uncollectable expense will be zero until assessed at the year-end audited financial statements.

11. TOTAL OPERATING REVENUE

12. NON-OPERATING REVENUE

13. Property Taxes – includes tax contributions from the County of Los Angeles. YTD is at 3% since the bulk of receipts happen between December and May each year and can cause YTD% to trend over/under expected budget %.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2025

14. Interest Income – includes interest and dividends received on District investments. YTD is high at 59% due to timing of interest income.
15. Miscellaneous Income – includes income from various sources such as recycling and refunds. YTD is at 1%.
16. **TOTAL NON-OPERATING REVENUE**
17. **TOTAL REVENUES**
18. **OPERATING EXPENSES**
19. **SOURCE OF SUPPLY**
20. Water Purchases – Includes variable costs of potable water from Three Valleys Municipal Water District (TVMWD) and California Domestic Water Company (CalDomestic), and recycled water purchases from City of Industry and Walnut Valley Water District (WVWD). YTD is at 41%.
21. Pumping Power – the cost of electricity used for pumping water. YTD is at 36%.
22. Fixed Charges – includes fixed charges from TVMWD and CalDomestic. YTD is at 29%.
23. Chemicals – the cost of chemicals used to treat water sold to customers. YTD is high at 73% due to additional chemicals for the Joint Line Chloramine Boosting System.
24. **TOTAL SOURCE OF SUPPLY**
25. Maintenance of Water System – the costs of repairs and maintenance on elements of the District water system such as main lines, services, meters, reservoirs, valves, hydrants, and telemetry system. YTD is at 46%.
26. Service Contracts – includes costs for services such as billing printing and mailing, bulk paper shredding, copier leasing and services, landscaping, janitorial, uniforms, security system monitoring and maintenance, Caselle maintenance and support, Harmony renewal and other services. YTD is at 51%.
27. Assessments – operating costs billed to RWD for their share of PWR JWLC, which is billed quarterly, and PBWA, which is billed monthly. YTD can trend over/under budget due to the timing of billing. YTD is currently at 25%.
28. Vehicle Expense – includes repair and maintenance costs for District vehicles as well as the cost of fuel. YTD can trend over/under budget due to the timing of truck maintenance and fuel purchases. YTD is at 35%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2025

29. Tools & Supplies – small tools and supplies used in the field. YTD can trend over/under budget due to the timing of tools and supplies. YTD is at 40%.
30. Equipment Expense – various costs incurred related to District equipment. YTD can trend over/under budget due to the timing of equipment expenses. YTD is at 12%.
31. Maintenance & Operations – various costs incurred for District maintenance and operations not directly related to the water system. YTD can trend over/under budget due to the timing of maintenance and operations. YTD is at 41%.
32. Engineering – general engineering costs related to District operations. YTD is at 20%.
33. Water Tests – laboratory testing and sampling of District water. YTD is high at 59% due to timing of water tests billing and budgeting method used.
34. Conservation – water conservation programs and efforts. YTD is at 51%
35. Community Outreach – costs related to public relations and community outreach. YTD is high at 61% due to timing of community outreach expenses and budgeting method used.
36. **TOTAL OPERATING EXPENSES**
37. **ADMINISTRATIVE EXPENSES**
38. Liability Insurance – coverage through ACWA JPIA for the District insurance package. YTD is high at 89% due to timing of insurance bill received and budgeting method used.
39. IT Support Services – information technology support services. YTD is at 49%.
40. IT Licensing – includes costs for various software licenses. YTD is at 31%.
41. Director Expense – costs for director compensation and benefits. YTD is at 32% of budget.
42. Bank/Management Fees – includes various banking fees, Paymentus and InvoiceCloud fees (for processing customer payments) and investment administrative fees. YTD is at 39%.
43. Legal Fees – legal costs related to RWD, PBWA and Public Water Agencies Group (PWAG). YTD is at 44%.
44. Compliance – includes costs for State Water Resources Control Board (SWRCB) compliance, LA County property taxes, various employee certifications, District permits, and maintenance costs for equipment compliance. YTD is at 32%.
45. Auditing & Accounting – includes consulting services for complex accounting matters and annual audit assurance services related to District financial reporting. YTD is at 35%.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2025

- 46. Utility Services – costs related to office electricity, office phones, gas and district cell phones. YTD is at 41%.
- 47. Dues & Memberships – costs for district memberships, dues and subscriptions to various agencies such as the Water Education Foundation, Association of California Water Agencies, Urban Water Institute, California Special Districts Association and American Water Works Association. YTD is high at 66% due to timing of dues and membership expenses which are paid on an annual basis.
- 48. Conference & Meetings – conference attendance and meeting expenses. YTD is at 23%.
- 49. Office Expenses – costs for office supplies, postage, printing and stationery. YTD is at 31%.
- 50. Seminars/Training – employee seminars and training. YTD is at 32%.
- 51. Miscellaneous Expense – includes costs for travel, books & subscriptions, and miscellaneous general expenses. YTD is at 40%.
- 52. **TOTAL ADMINISTRATIVE EXPENSES**
- 53. **PERSONNEL EXPENSES**
- 54. **WAGES**
- 55. Operations – wages expense (regular, standby, OT) attributable to Operations. YTD is at 34%.
- 56. Distribution – wages expense (regular, standby, OT) attributable to Distribution. YTD is at 37%.
- 57. Administration – wages expense (regular) attributable to Administration. YTD is at 38%.
- 58. **TOTAL WAGES**
- 59. Payroll Taxes – employer payroll taxes paid by the District. YTD is trending at 33%.
- 60. Workers Compensation – the District is billed quarterly for workers compensation insurance which can occasionally cause this line item to trend over/under expected budget. YTD is at 12%.
- 61. Unemployment – state unemployment insurance is paid quarterly which can cause this line to occasionally trend over/under expected budget. YTD is at 4%.
- 62. CalPERS – includes retirement costs for employee pension plans through the California Public Employee Retirement System. Contributions are made monthly and an annual payment is made at the beginning of each fiscal year for the plan's unfunded accrued liability. YTD is at 51% due to the annual payment of the plan's unfunded accrued liability.



Rowland Water District

Profit & Loss Analysis and Variance Report

November 2025

- 63. OPEB Contributions – includes retirement costs for other post-employment benefits that provides medical, dental and vision coverage. There will be no OPEB contributions for the current fiscal year as the Public Agency Retirement Services (PARS) trust is fully funded.
- 64. EE & Retiree Health Insurance – includes the cost of health, dental, vision, life, and disability insurance for current employees as well as health insurance for retired employees. YTD is at 37%.
- 65. **TOTAL PERSONNEL EXPENSES**
- 66. **TOTAL EXPENSES**
- 67. **NET INCOME / (LOSS) BEFORE DEBT SERVICE & CAPITAL EXPENSES** – Financially, the District has performed as expected through November 2025.
- 68. Less: Total Debt Service – includes interest and principal payments on outstanding District debt as well as related administrative expenses. Interest payments on outstanding debt are made twice per year (December/June).
- 69. Less: Capital Expenses (Current-Year) – includes expenses related to current-year district projects and capital assets, excluding projects funded by bond proceeds (debt). YTD is at 5%.
- 70. **CASH INCREASE / (DECREASE)**

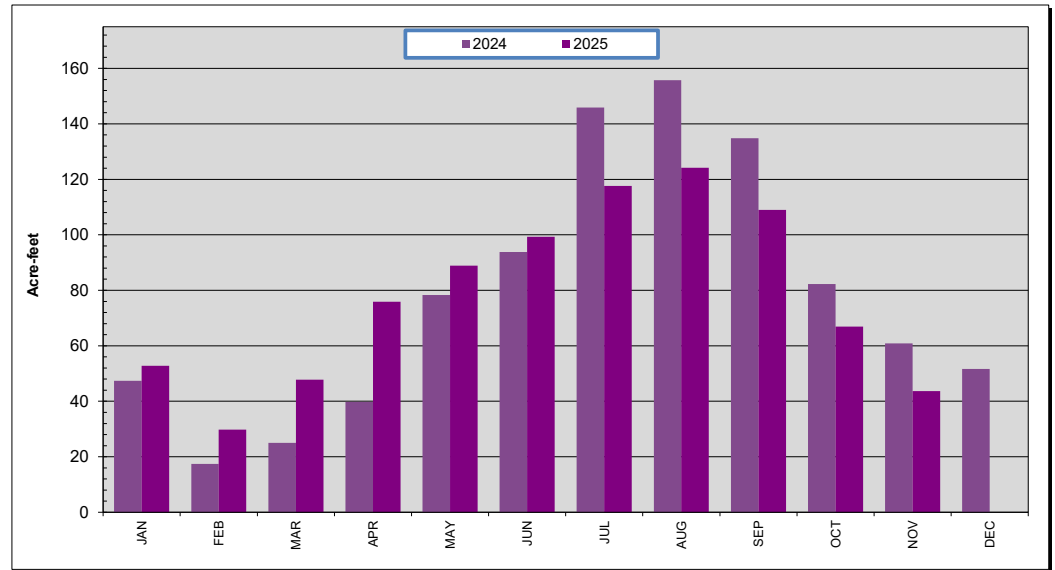
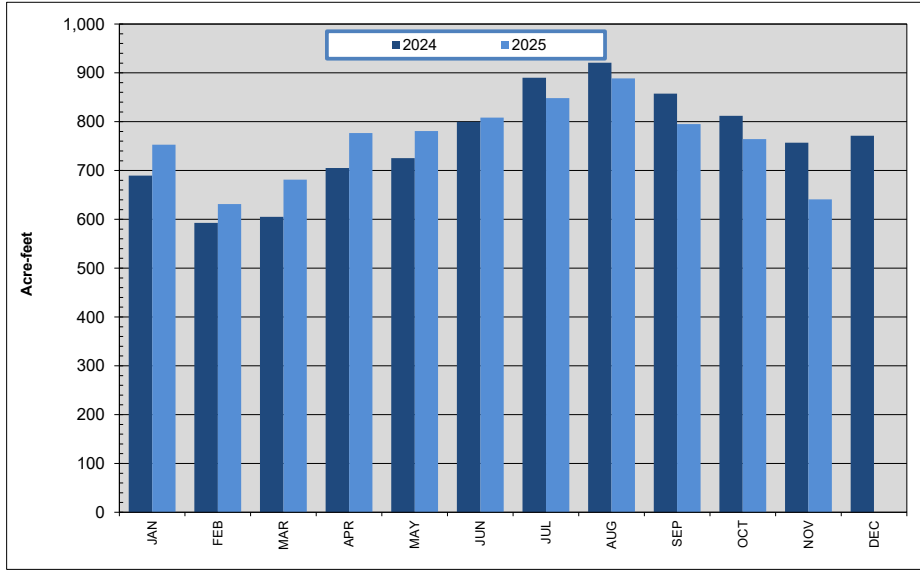


Water Purchases for CY 2025 (Acre-feet)



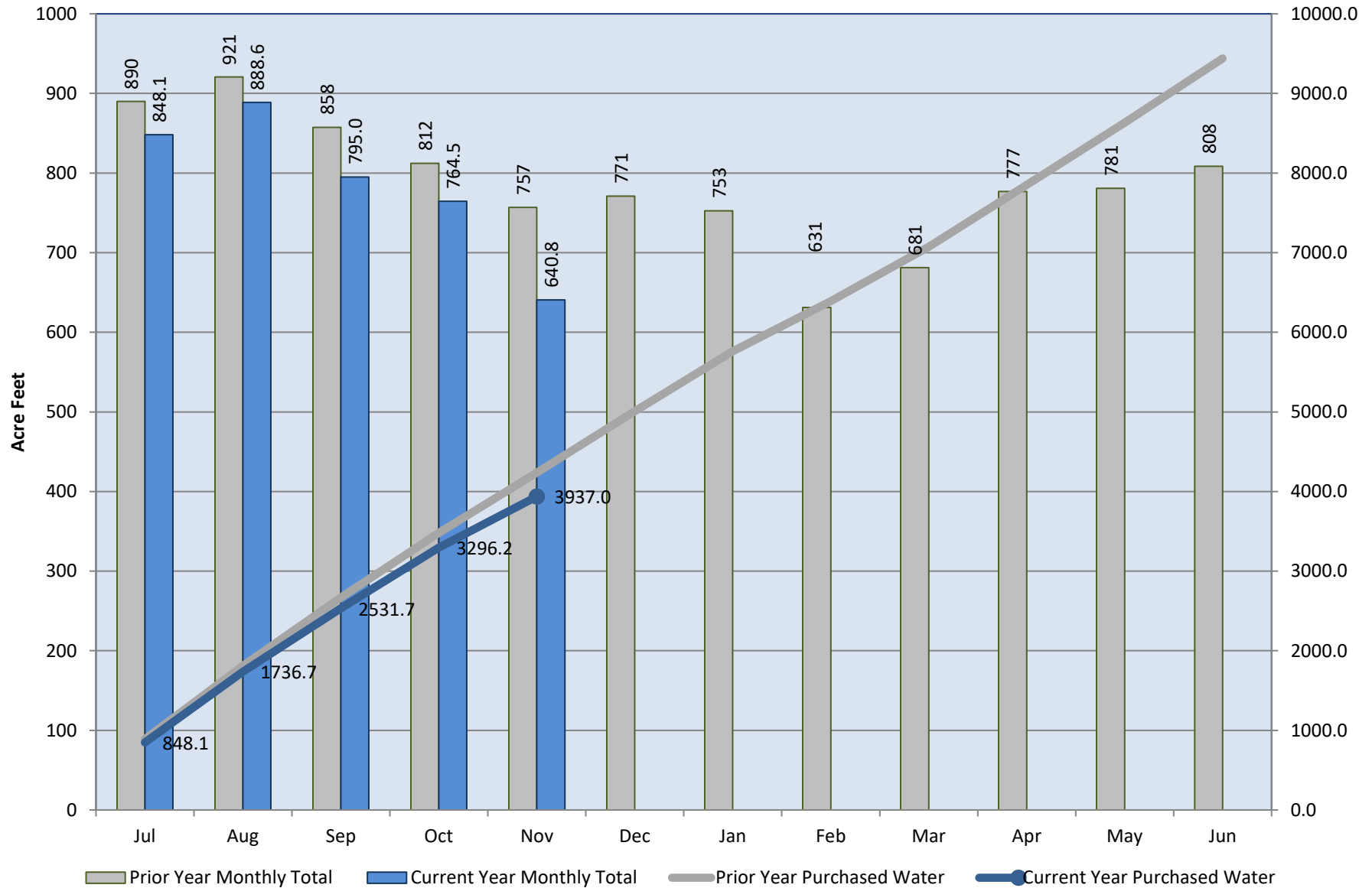
	POTABLE SYSTEM						TOTAL
	WBS	LHH	PM-9	PM-22	JWL		
					PM-15	Miramar	
JAN	131.4	0.0	0.0	240.8	121.1	259.4	752.7
FEB	145.9	0.0	0.0	209.3	195.1	80.9	631.2
MAR	153.5	0.0	0.0	250.3	67.4	210.1	681.3
APR	170.1	0.0	0.0	277.1	71.4	258.3	776.9
MAY	168.7	0.0	0.0	291.0	75.7	245.5	780.9
JUN	170.7	0.0	0.0	277.1	126.0	234.6	808.4
JUL	44.4	0.0	0.0	279.3	261.9	262.5	848.1
AUG	0.0	0.0	0.0	294.7	357.2	236.7	888.6
SEP	0.0	0.0	0.0	297.5	263.8	233.7	795.0
OCT	80.5	0.0	0.0	216.0	199.8	268.2	764.5
NOV	0.0	0.0	0.0	226.8	136.9	277.1	640.8
DEC							0.0
TOTAL	1,065.2	0.0	0.0	2,859.9	1,876.3	2,567.0	8,368.4

RECYCLED SYSTEM							TOTAL
Well 1	Wet Well	WVWD	Industry	Potable Make-up	Nogales Dewatering	Fullerton Dewatering	
0.0	17.4	1.0	21.6	0.0	12.8	0.0	52.8
0.0	10.4	0.0	7.2	0.0	12.2	0.0	29.8
3.1	10.4	1.0	19.7	0.0	13.6	0.0	47.8
28.6	10.0	1.0	23.6	0.0	12.7	0.0	75.9
24.2	19.8	2.0	29.8	0.0	13.1	0.0	88.9
30.3	14.7	3.0	38.9	0.0	12.4	0.0	99.3
29.9	12.2	3.0	59.9	0.0	12.6	0.0	117.6
30.3	4.7	3.0	73.7	0.0	12.5	0.0	124.2
28.5	11.9	3.0	53.7	0.0	11.9	0.0	109.0
26.3	1.3	1.0	24.2	1.9	12.2	0.0	66.9
17.5	3.3	0.0	9.9	0.0	13.0	0.0	43.7
							0.0
218.7	116.1	18.0	362.2	1.9	139.0	0.0	855.9



Potable Water Purchases For FY 2025-2026

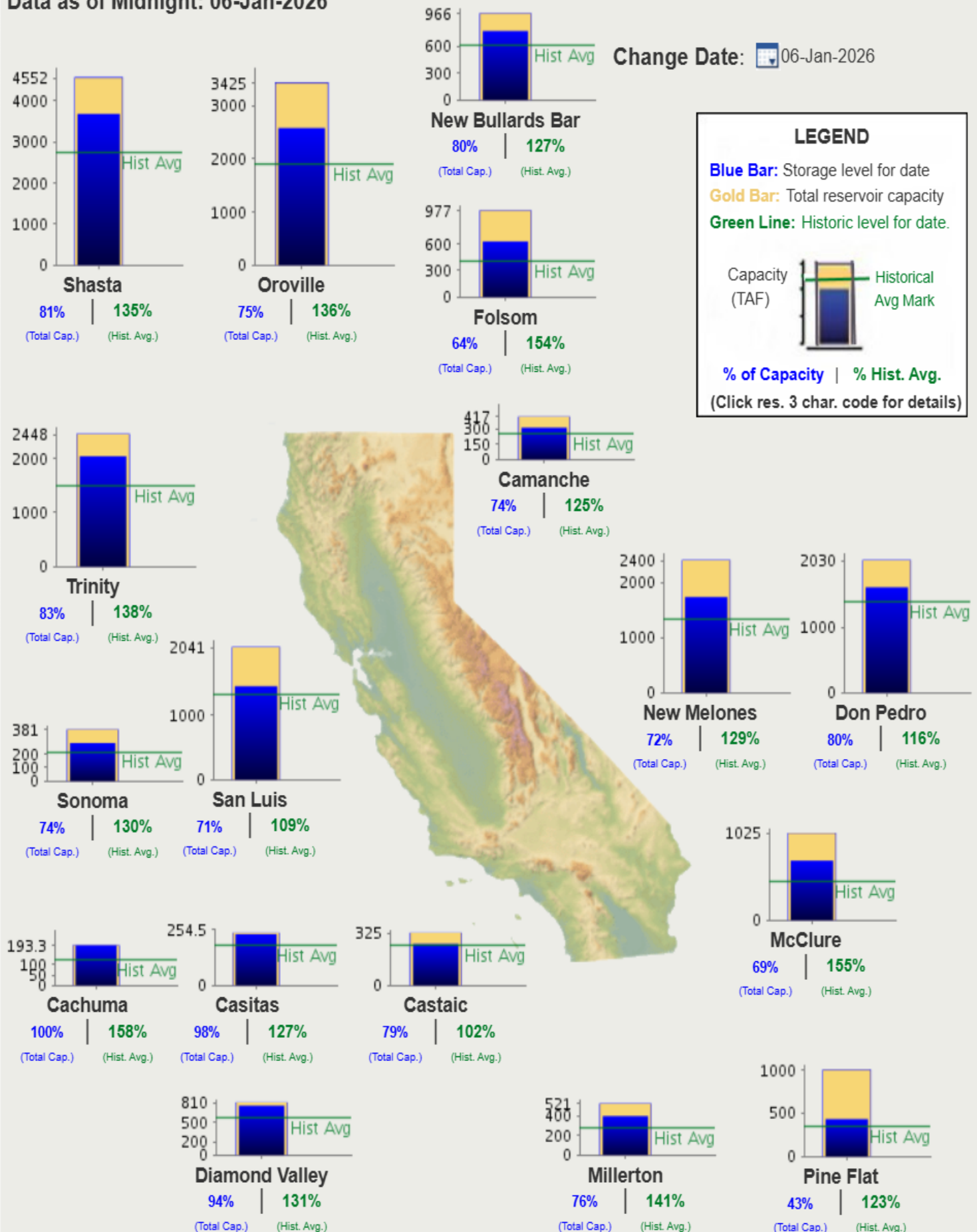
(Acre-feet)



CURRENT CONDITIONS: MAJOR WATER SUPPLY RESERVOIRS:06-JAN-2026

Data as of Midnight: 06-Jan-2026

Change Date: 06-Jan-2026



[Click to download printable version of current data.](#)

Report Generated: 07-Jan-2026 1:32 PM

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ROWLAND WATER DISTRICT
Presentation to the Board of Directors
For the Fiscal Year Ended
June 30, 2025

NIGRO
& NIGRO^{PC}



SCOPE OF WORK

Perform Audit Testwork of the Entity's Annual Financial Statements/Report

Report on the Entity's internal control over financial reporting and on compliance in accordance with Government Auditing Standards

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

1. Form and express an opinion about whether the Annual Financial Statements results, that have been prepared by management, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
2. Our responsibility is to plan and perform the audit to obtain **reasonable assurance (not absolute assurance)** about whether the Annual Financial Statements are free of material misstatements.
3. We are to consider the Entity's internal controls and segregations of duties over accounting procedures and financial reporting as we perform our audit testwork. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

AUDIT RESULTS

An Auditor's **Unmodified Opinion** has been issued on the Annual Financial Statements.

- The Annual Financial Statements are fairly presented in all material respects.
- The adopted significant accounting policies have been consistently applied.
- Estimates are considered reasonable for Depreciation, Pension, and OPEB expense as well as Lease calculations.
- New GASB Pronouncements were adopted.
- Required disclosures are properly reflected in the Annual Financial Statements.

AU-C 265 – Communicating Internal Control Related Matters Identified in an Audit

No Material Issues Arose to be Reported to the Governing Board/Management

Any Minor Issues Were Discussed Orally and Corrected by Management

How Do We Make You Better?

Best Practice Solutions Were Conveyed to Management – That's the Audit ROI

Rowland Water District			
Dashboard – Audited Financial Statements			
June 30, 2025 vs 2024			
Revenues & Expenses	2025	2024	Variance
Operating Revenues:			
Water sales	\$ 18,207,104	\$ 15,926,705	\$ 2,280,399
Water service charges	12,722,423	12,312,083	410,340
New service connections	897,274	466,217	431,057
Reimbursements	311,263	262,840	48,423
Other operating revenues	416,512	562,911	(146,399)
Non-Operating Revenues:			
Property taxes	679,721	638,141	41,580
Rental and contract revenue	252,084	235,211	16,873
Investment earnings	1,419,074	1,137,818	281,256
Sales of assets	48,000	-	48,000
Other non-operating revenues	104,562	27,643	76,919
Capital Contributions			
Contributed capital–other	548,327	1,100,000	(551,673)
Total Revenues	35,606,344	32,669,569	2,936,775
Operating Expenses:			
Source of supply	12,879,744	11,266,648	1,613,096
Pumping and power	1,715,884	1,736,997	(21,113)
Transmission and distribution	2,438,006	2,002,932	435,074
Other operating	581,582	568,097	13,485
General and administrative	6,301,114	6,417,257	(116,143)
Operating expenses before depr.	23,916,330	21,991,931	1,924,399
Depreciation expense	3,676,907	3,363,615	313,292
Total Operating Expenses	27,593,237	25,355,546	2,237,691
Non-Operating Expenses:			
Interest expense	870,787	878,415	(7,628)
Contributions to joint-venture	783,905	1,063,215	(279,310)
Change in investment in joint-ventures	(275,211)	(658,677)	383,466
Total Expenses	28,972,718	26,638,499	2,334,219
Change in Revenues & Expenses	\$ 6,633,626	\$ 6,031,070	\$ 602,556
Capital Outlay:			
Capital Asset Additions	\$ (5,757,407)	\$ (4,114,565)	\$ (1,642,842)
Depreciation Expense	3,676,907	3,363,615	313,292
Change in Capital Expense	\$ (2,080,500)	\$ (750,950)	\$ (1,329,550)
Debt Service:			
Principal Paid	\$ (1,735,000)	\$ (1,380,000)	\$ (355,000)
Cash & Investments	\$ 30,133,160	\$ 28,899,728	\$ 1,233,432
Quick Summary:			
Change in Revenues & Expenses	\$ 6,633,626		
Change in Capital Expense	(2,080,500)	Use of cash	
Debt Service – Principal Payments	(1,735,000)	Use of cash	
Change in Accounts Receivable	(390,678)	Change of cash	
Change in Accounts Payable	(199,456)	Change of cash	
Deposits and Unearned Revenues	(760,244)	Change of cash	
Change in Compensated Absences	82,915	Change of cash	
Change in OPEB Liability	(366,048)	Change of cash	
Change in Cash & Investments	\$ 1,184,615	Approximately	\$ (48,817)
Investment Earnings to Portfolio	4.81%		

**ROWLAND WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2025
(With Comparative Amounts as of June 30, 2024)**

NIGRO & NIGRO^{PC}

ROWLAND WATER DISTRICT

For the Fiscal Year Ended June 30, 2025

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rowland Water District
Rowland Heights, California

Opinion

We have audited the accompanying financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025 and 2024, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1, 6, and 16 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures. Our opinion is not modified with respect to these matters

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and Schedule of the Agency's Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Other Operating Expenses and Schedule of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 13, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
January 13, 2026

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

Management's Discussion and Analysis (MD&A) offers readers of Rowland Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2025, the District's net position increased 7.47%, or \$6,633,626 from the prior year's net position of \$88,749,439 to \$95,383,065 as a result of the year's operations.
- In fiscal year 2025, operating revenues increased 10.24%, or \$3,023,820 from \$29,530,756 to \$32,554,576, from the prior year, primarily due to increases in water sales.
- In fiscal year 2025, operating expenses before depreciation expense increased by 8.75% or \$1,924,399 from \$21,991,931 to \$22,916,330, from the prior year, primarily due to increases in source of supply expenses.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Assets:			
Current assets	\$ 24,220,854	\$ 25,283,147	\$ (1,062,293)
Non-current assets	38,160,026	34,818,504	3,341,522
Capital assets, net	<u>73,579,070</u>	<u>71,498,570</u>	<u>2,080,500</u>
Total assets	<u>135,959,950</u>	<u>131,600,221</u>	<u>4,359,729</u>
Deferred outflows of resources	<u>5,128,233</u>	<u>6,645,899</u>	<u>(1,517,666)</u>
Total assets and deferred outflows of resources	<u>\$ 141,088,183</u>	<u>\$ 138,246,120</u>	<u>\$ 2,842,063</u>
Liabilities:			
Current liabilities	\$ 6,614,524	\$ 7,544,492	\$ (929,968)
Non-current liabilities	<u>34,584,795</u>	<u>36,485,236</u>	<u>(1,900,441)</u>
Total liabilities	<u>41,199,319</u>	<u>44,029,728</u>	<u>(2,830,409)</u>
Deferred inflows of resources	<u>4,505,799</u>	<u>5,466,953</u>	<u>(961,154)</u>
Net position:			
Net investment in capital assets	43,329,070	39,678,570	3,650,500
Restricted	4,145,548	3,316,790	828,758
Unrestricted	<u>47,908,447</u>	<u>45,754,079</u>	<u>2,154,368</u>
Total net position	<u>95,383,065</u>	<u>88,749,439</u>	<u>6,633,626</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 141,088,183</u>	<u>\$ 138,246,120</u>	<u>\$ 2,842,063</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$95,383,065 as of June 30, 2025.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (45% as of June 30, 2025) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2025, the District showed a positive balance in its unrestricted net position of \$47,904,000 which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Operating revenues	\$ 32,554,576	\$ 29,530,756	\$ 3,023,820
Operating expenses	<u>(23,916,330)</u>	<u>(21,991,931)</u>	<u>(1,924,399)</u>
Operating income before depreciation	8,638,246	7,538,825	1,099,421
Depreciation expense	<u>(3,676,907)</u>	<u>(3,363,615)</u>	<u>(313,292)</u>
Operating income	4,961,339	4,175,210	786,129
Non-operating revenues(expenses), net	<u>1,123,960</u>	<u>755,860</u>	<u>368,100</u>
Change in net position before capital	6,085,299	4,931,070	1,154,229
Capital contributions:			
Contributed capital-other	<u>548,327</u>	<u>1,100,000</u>	<u>(551,673)</u>
Change in net position	6,633,626	6,031,070	602,556
Net position:			
Beginning of year	<u>88,749,439</u>	<u>82,718,369</u>	<u>6,031,070</u>
End of year	<u>\$ 95,383,065</u>	<u>\$ 88,749,439</u>	<u>\$ 6,633,626</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased 7.47%, or \$6,633,626 from the prior year's net position of \$88,749,439 to \$95,383,065, as a result of the year's operations.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)*

FINANCIAL ANALYSIS OF THE DISTRICT (continued)**Total Revenues**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water sales	\$ 18,207,104	\$ 15,926,705	\$ 2,280,399
Water service charges	12,722,423	12,312,083	410,340
New service connections	897,274	466,217	431,057
Reimbursements	311,263	262,840	48,423
Other operating revenues	<u>416,512</u>	<u>562,911</u>	<u>(146,399)</u>
Total operating revenues	<u>32,554,576</u>	<u>29,530,756</u>	<u>3,023,820</u>
Non-operating revenues:			
Property taxes	679,721	638,141	41,580
Investment earnings	1,419,074	1,137,818	281,256
Rental and contract revenue	252,084	235,211	16,873
Sale of assets	48,000	-	48,000
Other non-operating revenues	104,562	27,643	76,919
Change in investment in joint-ventures	275,211	658,677	(383,466)
Contributed capital-other	<u>548,327</u>	<u>1,100,000</u>	<u>(551,673)</u>
Total non-operating revenues	<u>3,326,979</u>	<u>3,797,490</u>	<u>(470,511)</u>
Total revenues	<u>\$ 35,881,555</u>	<u>\$ 33,328,246</u>	<u>\$ 2,553,309</u>

In fiscal year 2025, operating revenues increased 10.24%, or \$3,023,820 from \$29,530,756 to \$32,554,576, from the prior year, primarily due to increases in water sales.

Also, non-operating revenues decreased by 12.39%, or \$470,511 from \$3,797,490 to \$3,326,979 due to the decrease in contributed capital.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)***FINANCIAL ANALYSIS OF THE DISTRICT (continued)****Total Expenses**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Source of supply	\$ 12,879,744	\$ 11,266,648	\$ 1,613,096
Pumping and power	1,715,884	1,736,997	(21,113)
Transmission and distribution	2,438,006	2,002,932	435,074
Other operating expenses	581,582	568,097	13,485
General and administrative	6,301,114	6,417,257	(116,143)
Total operating expenses	<u>23,916,330</u>	<u>21,991,931</u>	<u>1,924,399</u>
Depreciation expense	<u>3,676,907</u>	<u>3,363,615</u>	<u>313,292</u>
Non-operating expenses:			
Interest expense	870,787	878,415	(7,628)
Contributions to joint-venture	783,905	1,063,215	(279,310)
Total non-operating expenses	<u>1,654,692</u>	<u>1,941,630</u>	<u>(286,938)</u>
Total expenses	<u>\$ 29,247,929</u>	<u>\$ 27,297,176</u>	<u>\$ 1,950,753</u>

In fiscal year 2025, operating expenses before depreciation expense increased by 8.75% or \$1,924,399 from \$21,991,931 to \$23,916,330, from the prior year, primarily due to increases in source of supply expenses.

Capital Assets

	<u>Balance June 30, 2025</u>	<u>Balance June 30, 2024</u>
Capital assets:		
Non-depreciable assets	\$ 8,302,006	\$ 6,852,285
Depreciable assets	116,431,846	112,424,801
Accumulated depreciation	<u>(51,154,782)</u>	<u>(47,778,516)</u>
Total capital assets, net	<u>\$ 73,579,070</u>	<u>\$ 71,498,570</u>

At the end of year 2025, the District's investment in capital assets amounted to \$73,579,070 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$5,757,407 for various projects and equipment. See Note 6 for further information.

ROWLAND WATER DISTRICT

Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

	Balance	Balance
Long-term debt:	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Bonds payable	<u>\$ 33,055,000</u>	<u>\$ 34,790,000</u>

Long-term debt had no change during the 2025 fiscal year. There were no principal payments due during the year. See Note 8 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

The District’s Board of Directors and management considered many factors when setting the fiscal year 2025, user fees, and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District’s customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District’s Finance Officer.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the District’s funding sources, customers, stakeholders and other interested parties with an overview of the District’s financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District’s Director of Finance, 3021 S. Fullerton Rd., Rowland Heights, CA 91748 – (562) 697-1726.

ROWLAND WATER DISTRICT

Balance Sheets

June 30, 2025 (With Comparative Amounts as of June 30, 2024)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024
Current assets:		
Cash and cash equivalents (Note 2)	\$ 13,465,231	\$ 15,223,774
Investments (Note 2)	5,484,420	5,299,761
Accrued interest receivable	248,831	200,161
Accounts receivable, net (Note 3)	3,675,946	3,525,229
Property taxes receivable	9,074	12,793
Lease receivable (Note 4)	200,240	154,307
Other receivables	373,966	146,691
Inventory – water-in-storage	143,215	118,881
Inventory – materials and supplies	475,589	461,195
Prepaid expenses	144,342	140,355
Total current assets	24,220,854	25,283,147
Non-current assets:		
Investments (Note 2)	9,616,952	7,122,572
Restricted – investments (Note 2)	1,566,557	1,253,621
Investments in joint-ventures (Note 5)	23,924,477	23,882,056
Lease receivable (Note 4)	473,049	497,086
Net OPEB asset (Note 9)	2,578,991	2,063,169
Capital assets – not being depreciated (Note 6)	8,302,006	6,852,285
Capital assets – being depreciated, net (Note 6)	65,277,064	64,646,285
Total non-current assets	111,739,096	106,317,074
Total assets	135,959,950	131,600,221
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 8)	2,805,000	2,970,000
Deferred amounts related to net OPEB liability(asset) (Note 9)	196,997	609,483
Deferred amounts related to net pension liability (Note 10)	2,126,236	3,066,416
Total deferred outflows of resources	5,128,233	6,645,899
Total assets and deferred outflows of resources	\$ 141,088,183	\$ 138,246,120
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,803,513	\$ 3,002,969
Deposits and unearned revenues	1,887,931	2,648,175
Accrued interest payable	55,005	56,002
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	123,075	102,346
Bonds payable (Note 8)	1,745,000	1,735,000
Total current liabilities	6,614,524	7,544,492
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	369,224	307,038
Bonds payable (Note 8)	31,310,000	33,055,000
Net pension liability (Note 10)	2,905,571	3,123,198
Total non-current liabilities	34,584,795	36,485,236
Total liabilities	41,199,319	44,029,728
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	637,998	620,616
Deferred amounts related to net OPEB liability(asset) (Note 9)	2,450,006	2,712,718
Deferred amounts related to net pension liability (Note 10)	1,417,795	2,133,619
Total deferred inflows of resources	4,505,799	5,466,953
Net position:		
Net investment in capital assets (Note 11)	43,329,070	39,678,570
Restricted for OPEB expenses (Note 9)	2,578,991	2,063,169
Restricted for pension expenses (Note 2)	1,566,557	1,253,621
Unrestricted	47,908,447	45,754,079
Total net position	95,383,065	88,749,439
Total liabilities, deferred inflows of resources and net position	\$ 141,088,183	\$ 138,246,120

ROWLAND WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	2025	2024
Operating revenues:		
Water sales	\$ 18,207,104	\$ 15,926,705
Water service charges	12,722,423	12,312,083
New service connections	897,274	466,217
Reimbursements	311,263	262,840
Other operating revenues	416,512	562,911
Total operating revenues	32,554,576	29,530,756
Operating expenses:		
Source of supply	12,879,744	11,266,648
Pumping and power	1,715,884	1,736,997
Transmission and distribution	2,438,006	2,002,932
Other operating	581,582	568,097
General and administrative	6,301,114	6,417,257
Total operating expenses	23,916,330	21,991,931
Operating income before depreciation	8,638,246	7,538,825
Depreciation expense	(3,676,907)	(3,363,615)
Operating income	4,961,339	4,175,210
Non-operating revenues(expenses):		
Property taxes	679,721	638,141
Investment earnings	1,419,074	1,137,818
Rental and contract revenue	252,084	235,211
Sale of assets	48,000	-
Other non-operating revenues	104,562	27,643
Interest expense	(870,787)	(878,415)
Contributions to joint-venture (Note 5)	(783,905)	(1,063,215)
Change in investment in joint-ventures (Note 5)	275,211	658,677
Total non-operating revenues(expenses), net	1,123,960	755,860
Change in net position before capital contributions	6,085,299	4,931,070
Capital contributions:		
Contributed capital-other	548,327	1,100,000
Total capital contributions	548,327	1,100,000
Change in net position	6,633,626	6,031,070
Net position:		
Beginning of year	88,749,439	82,718,369
End of year	<u>\$ 95,383,065</u>	<u>\$ 88,749,439</u>

ROWLAND WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 31,816,472	\$ 33,386,536
Cash paid to employees for salaries and wages	(4,525,422)	(4,136,555)
Cash paid to vendors and suppliers for materials and services	<u>(19,909,483)</u>	<u>(17,263,659)</u>
Net cash provided by operating activities	<u>7,381,567</u>	<u>11,986,322</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>683,440</u>	<u>640,028</u>
Net cash provided by non-capital financing activities	<u>683,440</u>	<u>640,028</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,757,407)	(4,114,565)
Principal paid on long-term debt	(1,735,000)	(1,380,000)
Interest paid on long-term debt	(706,784)	(713,986)
Proceeds from sale of assets	<u>48,000</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(8,151,191)</u>	<u>(6,208,551)</u>
Cash flows from investing activities:		
Change in investments	(2,994,016)	(1,913,669)
Investment earnings	1,321,657	949,417
Contributions to joint-ventures	<u>-</u>	<u>(939,977)</u>
Net cash used in investing activities	<u>(1,672,359)</u>	<u>(1,904,229)</u>
Net increase(decrease) in cash and cash equivalents	<u>(1,758,543)</u>	<u>4,513,570</u>
Cash and cash equivalents:		
Beginning of year	<u>15,223,774</u>	<u>10,710,204</u>
End of year	<u><u>\$ 13,465,231</u></u>	<u><u>\$ 15,223,774</u></u>

ROWLAND WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,961,339	\$ 4,175,210
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,676,907	3,363,615
Allowance for bad debt	12,686	(83,284)
Rental and contract revenue	252,084	235,211
Other non-operating revenues	104,562	27,643
Change in assets – (increase)decrease:		
Accounts receivable, net	(163,403)	(85,139)
Lease receivable	(21,896)	161,226
Other receivables	(227,275)	3,803,804
Inventory – water-in-storage	(24,334)	(9,591)
Inventory – materials and supplies	(14,394)	(188,267)
Prepaid expenses	(3,987)	(39,248)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB liability	412,486	538,231
Deferred amounts related to net pension liability	940,180	1,870,012
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(199,456)	393,491
Deposits and unearned revenues	(760,244)	(37,930)
Compensated absences	82,915	27,552
Net OPEB liability(asset)	(515,822)	(2,182,434)
Net pension liability	(217,627)	(1,085,933)
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	17,382	(165,751)
Deferred amounts related to net OPEB liability	(262,712)	1,480,583
Deferred amounts related to net pension liability	(715,824)	(212,679)
Total adjustments	<u>2,420,228</u>	<u>7,811,112</u>
Net cash provided by operating activities	<u>\$ 7,381,567</u>	<u>\$ 11,986,322</u>
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	\$ 48,747	\$ 71,153
Amortization of deferred amounts related to refunding of long-term debt	<u>\$ (165,000)</u>	<u>\$ (165,000)</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Rowland Water District (District) was formed by the voters on March 3, 1953 under the County Water District Law, Division 12 Water Code, State of California, to provide a safe and reliable water source to allow the community to transform a cattle raising and farming area into the large urban and industrial area it serves today. The District encompasses a 17.2 square mile area in Southeastern Los Angeles County, which services portions of Rowland Heights, La Puente, Hacienda Heights, City of Industry, and City of West Covina. The service area's population is approximately 60,000.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

6. Inventories and Water in Storage

Supply inventories maintained by the District consist primarily of water meters and accessories, water pipes, valves, and various fittings. Inventories are valued at cost using the first-in, first-out method. Water in storage is valued at average cost.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$10,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Transmission and distribution system	15-75 years
Equipment	5-10 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences. The measurement of compensated absences includes salary-related payment such as the employer portion of social security and Medicare taxes.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2024

Measurement Period July 1, 2023 to June 30, 2024

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2024

Measurement Period July 1, 2023 to June 30, 2024

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted net position** - This component of net position consists of amounts held for the net OPEB asset expenses in future periods.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

The Los Angeles County Assessor's Office assesses all real and personal property within the County each year. The Los Angeles County Tax Collector's Office bills and collects the District's share of property taxes. The Los Angeles County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Los Angeles County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and November 10

F. New Pronouncements– Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 6 for the effect of this Statement.

GASB Statement No. 102 – Certain Risk Disclosures

This GASB Statement requires state and local governments to disclose vulnerabilities due to certain concentrations and constraints that could significantly impact their financial health. A concentration refers to a dependency on a specific source—such as a major revenue stream, customer, supplier, or workforce—while a constraint involves legal, regulatory, contractual, or other external limitations that restrict an entity's ability to respond to those risks. If these factors make the government vulnerable to a near-term severe impact, disclosure is required in the notes to the financial statements. The goal of Statement No. 102 is to improve transparency and provide users with better insight into potential risks that could affect a government's financial condition. The District adopted the Statement as of July 1, 2024. See Note 16 for the effect of this Statement.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2025</u>
Cash and cash equivalents	\$ 13,465,231
Investments – current	5,484,420
Investments – non-current	9,616,952
Restricted – investments	<u>1,566,557</u>
Total cash and investments	<u>\$ 30,133,160</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2025</u>
Petty cash	\$ 1,000
Demand deposits held with financial institutions	4,059,539
Local Agency Investment Fund (LAIF)	9,404,692
Investments in Section 115 Trust	1,566,557
Investments	<u>15,101,372</u>
Total cash and investments	<u>\$ 30,133,160</u>

Demand Deposits with Financial Institutions

At June 30, 2025, the carrying amount of the District's demand deposits were \$4,059,539 and the financial institution's balances were \$4,096,391. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2024, the District held \$10,139,166 in LAIF.

Investments in Section 115 Trust

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's CalPERS pension plans. The Section 115 Pension Trust's specific cash and investments are managed by a third party portfolio manager under guidelines approved by the District.

Investments

The District's investments as of June 30, 2025 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. government sponsored agency securities	Level 2	A to AAA	\$ 10,742,664	\$ 3,575,071	\$ 3,964,049	\$ 3,203,544
Medium-term notes	Level 2	A to AAA	3,858,860	1,409,500	1,039,908	1,409,452
Money-market mutual funds	N/A	AAA	499,848	499,848	-	-
Total investments			\$ 15,101,372	\$ 5,484,419	\$ 5,003,957	\$ 4,612,996

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investment of funds within the OPEB Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	None	None	None
US Government Sponsored Agency Securities:	None	None	None
Federal Home Loan Bank	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Federal National Mortgage Association	None	None	None
Federal Farm Credit Bank	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1-year	None	None
Medium- Term Notes	3-year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2025.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2025. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2025*

NOTE 2 – CASH AND INVESTMENTS (continued)**Concentration of Credit Risk**

Investments in any one issuer that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Amount</u>
U.S. government sponsored agency securities:	
Federal Home Loan Bank	\$ 8,494,349
Federal Home Loan Mortgage Corp	\$ 1,548,107

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The balance at June 30, 2025 consists of the following:

<u>Description</u>	<u>June 30, 2025</u>
Accounts receivable	\$ 3,730,673
Allowance for doubtful accounts	<u>(54,727)</u>
Total accounts receivable, net	<u><u>\$ 3,675,946</u></u>

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable for the year ended June 30, 2025 was as follows:

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Cellular antenna site rental 1	\$ 92,198	\$ -	\$ (25,687)	\$ 66,511
Cellular antenna site rental 2	-	218,818	(42,615)	176,203
Cellular antenna site rental 3	97,497	-	(49,730)	47,767
Cellular antenna site rental 4	317,941	-	(39,765)	278,176
Cellular antenna site rental 5	143,757	-	(39,125)	104,632
	<u>\$ 651,393</u>	<u>\$ 218,818</u>	<u>\$ (196,922)</u>	<u>\$ 673,289</u>

Changes in the District's lease receivable for the year ended June 30, 2024 was as follows:

Description	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Cellular antenna site rental 1	\$ 96,313	\$ 21,064	\$ (25,179)	\$ 92,198
Cellular antenna site rental 2	33,814	-	(33,814)	-
Cellular antenna site rental 3	144,767	-	(47,270)	97,497
Cellular antenna site rental 4	355,610	-	(37,669)	317,941
Cellular antenna site rental 5	182,115	-	(38,358)	143,757
	<u>\$ 812,619</u>	<u>\$ 21,064</u>	<u>\$ (182,290)</u>	<u>\$ 651,393</u>

The District is reporting a total lease receivable of \$673,289 and \$651,393 and a total related deferred inflows of resources of \$637,996 and \$620,616 for the years ending June 30, 2025 and 2024, respectively. Also, the District is reporting total lease revenue of \$196,922 and \$182,290 and interest revenue of \$16,284 and \$16,991 related to lease payments received for the years ending June 30, 2025 and 2024, respectively. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District's leases are summarized as follows:

Cellular Antenna Site Rental 1

The District, on January 1, 2023, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$106,489. There was a remeasurement of the lease to account for an amendment as of July 1, 2023. The lease receivable was remeasured to \$117,377 as of July 1, 2023. As of June 30, 2025 the value of the lease receivable was \$66,511. The lease is required to make monthly fixed payments of \$2,271 for the remaining 60 months, then increasing 10% every 5 years. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$66,511 as of June 30, 2025. The District recognized lease revenue of \$25,687 and interest revenue of \$1,564 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Cellular Antenna Site Rental 2

The District, on July 1, 2024, renewed a continuous lease for 57 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$218,818. As of June 30, 2025, the value of the lease receivable was \$176,203. The lease is required to make monthly fixed payments of \$3,942 for the next 9 months, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$172,751 as of June 30, 2025. The District recognized lease revenue of \$42,614 and interest revenue of \$3,989 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 3

The District, on June 1, 2021, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$235,795. As of June 30, 2025, the value of the lease receivable was \$47,767. The lease is required to make monthly fixed payments of \$4,798 for the next 11 months, then increasing 3.0% per year. The lease had a monthly rental increase of \$1,212 effective as of March 2022 due to additional site rental space. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$43,229 as of June 30, 2025. The District recognized lease revenue of \$49,730 and interest revenue of \$1,497 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 4

The District, on May 1, 2021, commenced a continuous lease for 120 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$430,536. As of June 30, 2025, the value of the lease receivable was \$278,176. The lease is required to make monthly fixed payments of \$3,824 for the remaining 6 months, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$254,016 as of June 30, 2025. The District recognized lease revenue of \$39,765 and interest revenue of \$6,359 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 5

The District, on February 1, 2023, commenced a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$198,952. As of June 30, 2025, the value of the lease receivable was \$104,632. The lease is required to make monthly fixed payments of \$3,713 for the remaining 7 months, then increasing 3.0% every year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$102,792 as of June 30, 2025. The District recognized lease revenue of \$39,125 and interest revenue of \$2,875 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Minimum future lease receipts for the next six fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 200,240	\$ 12,301	\$ 212,541
2027	157,920	8,751	166,671
2028	132,333	5,650	137,983
2029	86,337	3,221	89,558
2030	51,541	1,929	53,470
2031	44,918	749	45,667
Total	\$ 673,289	\$ 32,601	\$ 705,890
Current	(200,240)		
Long-term	\$ 473,049		

Changes in the District's deferred inflows of resources related to leases for June 30, 2025 is as follows:

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Cellular antenna site rental 1	\$ 91,293	\$ -	\$ (26,084)	\$ 65,209
Cellular antenna site rental 2	-	218,818	(46,067)	172,751
Cellular antenna site rental 3	90,388	-	(47,159)	43,229
Cellular antenna site rental 4	296,353	-	(42,337)	254,016
Cellular antenna site rental 5	142,582	-	(39,791)	102,791
	<u>\$ 620,616</u>	<u>\$ 218,818</u>	<u>\$ (201,438)</u>	<u>\$ 637,996</u>

Changes in the District's deferred inflows of resources related to leases for June 30, 2024 is as follows:

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2024
Cellular antenna site rental 1	\$ 95,840	\$ 21,537	\$ (26,084)	\$ 91,293
Cellular antenna site rental 2	31,918	-	(31,918)	-
Cellular antenna site rental 3	137,547	-	(47,159)	90,388
Cellular antenna site rental 4	338,689	-	(42,336)	296,353
Cellular antenna site rental 5	182,373	-	(39,791)	142,582
	<u>\$ 786,367</u>	<u>\$ 21,537</u>	<u>\$ (187,288)</u>	<u>\$ 620,616</u>

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2025, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2026	\$ 197,506
2027	154,277
2028	124,656
2029	76,886
2030	42,336
2031	42,335
Total	<u>\$ 637,996</u>

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – INVESTMENTS IN JOINT-VENTURES

The balance at June 30, 2025 consists of the following;

<u>Investments in Joint-Ventures</u>	<u>PBWA</u>	<u>PWR-JWLC</u>	<u>Total</u>
Balance – beginning of year	\$ 22,932,690	\$ 949,365	23,882,055
Change in investment in joint-ventures	11,854	30,568	42,422
Balance – end of year	<u>\$ 22,944,544</u>	<u>\$ 979,933</u>	<u>\$ 23,924,477</u>

Puente Basin Water Agency (PBWA)

The Puente Basin Water Agency (the Agency) was created in 1971 by the execution of a Joint Powers Agreement (the Agreement) between the Rowland Water District and the Walnut Valley Water District. The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The Agency was organized for the purpose of protection and utilization of the local, imported, and reclaimed water supply within the Puente Basin. The Agency is governed by a four-member-appointed Board of Commissioners. Each District appoints two members to this board.

Upon dissolution of the Agency, the assets in the possession of the Agency shall be distributed to the members as their interest may appear on the books of the Agency and pursuant to the provisions of Section 6512 of the California Government Code. Complete financial statements for the Agency can be obtained by written request at 271 South Brea Canyon Road, Walnut, California.

The changes in its investment in Puente Basin Water Agency consist of the following as of June 30, 2025:

<u>Description</u>	<u>June 30, 2025</u>
Balance – beginning of year	\$ 22,932,690
Share of net income	<u>11,854</u>
Balance – end of year	<u>\$ 22,944,544</u>

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2025, including the participants' approximate percentage shares:

<u>Description</u>	<u>June 30, 2025</u>	<u>District Share 50%</u>
Total assets	<u>\$ 83,427,424</u>	
Total liabilities	\$ 37,538,334	
Total net position	<u>45,889,090</u>	<u>\$ 22,944,545</u>
Total liabilities and net position	<u>\$ 83,427,424</u>	

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 5 – INVESTMENTS IN JOINT-VENTURES (continued)

Pomona-Walnut-Rowland Joint Water Line Commission (PWR-JWLC)

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission). The Commission was formed under the Joint Powers Agreement (the JPA) of 1956 between the City of Pomona, the Walnut Valley Water District (WVWD), and the Rowland Water District (RWD). The JPA's purpose is to acquire, construct, maintain, repair, manage, and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency. Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission, which is allocated to each agency on a one-third basis. A budget assessment is collected each fiscal year and each agency pays one-third of the amount of the assessment as well as a capital surcharge for the future replacement of the pipeline. For the year ended June 30, 2025, the District did not remit assessments for their share of general and administrative costs and future replacement costs. Upon dissolution of the Commission, the net position will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior 12-month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The changes in its investment in the Commission consisted of the following as of June 30, 2025:

Description	June 30, 2025
Balance – beginning of year	\$ 949,365
Share of net income	30,568
Balance – end of year	<u>\$ 979,933</u>

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Water Line Commission as of and for the year ended June 30, 2025, including the participants' approximate percentage shares:

Description	June 30, 2025	Member Share		
		City of Pomona 25.8%	WVWD 45.1%	RWD 29.1%
Total assets	<u>\$ 8,025,512</u>			
Total liabilities	\$ 4,658,045			
Total net position	3,367,467	<u>\$ 868,806</u>	<u>\$ 1,518,728</u>	<u>\$ 979,933</u>
Total liabilities and net position	<u>\$ 8,025,512</u>			

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	\$ 261,340	\$ 212,513	\$ -	\$ 473,853
Water rights	5,000	-	-	5,000
Construction-in-process	6,585,945	5,185,282	(3,948,074)	7,823,153
Total non-depreciable assets	6,852,285	5,397,795	(3,948,074)	8,302,006
Depreciable assets:				
Sources of supply	2,110,034	-	-	2,110,034
Pumping	11,373,143	172,937	-	11,546,080
Transmission and distribution system	83,993,034	3,570,452	(210,898)	87,352,588
Telemetry equipment	2,586,022	-	-	2,586,022
Office building and equipment	9,249,890	86,640	(43,777)	9,292,753
General plant	1,485,205	137,493	-	1,622,698
Transportation equipment	1,627,473	340,164	(45,966)	1,921,671
Total depreciable assets	112,424,801	4,307,686	(300,641)	116,431,846
Accumulated depreciation:				
Sources of supply	(1,459,377)	(67,018)	-	(1,526,395)
Pumping	(6,229,808)	(450,549)	-	(6,680,357)
Transmission and distribution system	(32,914,906)	(2,449,892)	210,898	(35,153,900)
Telemetry equipment	(1,316,051)	(148,928)	-	(1,464,979)
Office building and equipment	(4,174,397)	(289,977)	43,777	(4,420,597)
General plant	(657,840)	(84,600)	-	(742,440)
Transportation equipment	(1,026,137)	(185,943)	45,966	(1,166,114)
Total accumulated depreciation	(47,778,516)	(3,676,907)	300,641	(51,154,782)
Total depreciable assets, net	64,646,285	630,779	-	65,277,064
Total capital assets, net	\$ 71,498,570	\$ 6,028,574	\$ (3,948,074)	\$ 73,579,070

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2025, were as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
<u>\$ 409,384</u>	<u>\$ 82,915</u>	<u>\$ 492,299</u>	<u>\$ 123,075</u>	<u>\$ 369,224</u>

As of June 30, 2025, the total liability for compensated absences was \$492,299, of which \$123,075 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – BONDS PAYABLE

Water Revenue Refunding Bonds, Series 2021A were issued on September 7, 2021, in the amount of \$36,170,000 to refund \$16,460,000 of outstanding balance on the 2012 Series A Water Revenue Bonds and to refund \$16,395,000 of outstanding balance on the 2014 Series A Water Revenue Refunding Bonds. The prior obligations were issued to finance certain improvements and to finance a purchase contract. The bonds were issued at par. The refunding of the two debts provided the District with a net present value savings of \$3,926,597 and a cash flow savings of \$4,050,571.

These bonds mature in various amounts through December 1, 2042. Interest is payable semiannually on December 1 and June 1 at rates ranging from 0.317% to 2.863%. The installment payments on these bonds are secured by a first priority lien on the net revenues of the District. The following is a summary of the changes in Water Revenue Refunding Bonds, Series 2021A for the year ended June 30, 2025:

Description	Balance	Additions	Deductions	Balance	Current Portion	Long-term Portion
	July 1, 2024			June 30, 2025		
2021A Series Water Revenue Refunding Bonds	<u>\$ 34,790,000</u>	<u>\$ -</u>	<u>\$ (1,735,000)</u>	<u>\$ 33,055,000</u>	<u>\$ 1,745,000</u>	<u>\$ 31,310,000</u>

Maturities of the Water Revenue Refunding Bonds, Series 2024A and interest payments subsequent to June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,745,000	\$ 706,784	\$ 2,451,784
2027	1,770,000	694,197	2,464,197
2028	1,785,000	677,172	2,462,172
2029	1,820,000	656,599	2,476,599
2030	1,845,000	632,320	2,477,320
2031-2035	9,780,000	2,666,427	12,446,427
2036-2040	11,000,000	1,523,770	12,523,770
2041-2043	<u>3,310,000</u>	<u>271,913</u>	<u>3,581,913</u>
Total	33,055,000	<u>\$ 7,829,182</u>	<u>\$ 40,884,182</u>
Current	<u>(1,745,000)</u>		
Long-term	<u>\$ 31,310,000</u>		

The following is a summary of the changes in deferred amounts related to refunding for the year ended June 30, 2025:

Description	Balance	Additions	Deductions	Balance
	July 1, 2024			June 30, 2025
Deferred amounts related to refunding	<u>\$ 2,970,000</u>	<u>\$ -</u>	<u>\$ (165,000)</u>	<u>\$ 2,805,000</u>

The District will amortize this amount at \$165,000 per year until the fiscal year ended June 30, 2043.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
OPEB related deferred outflows	\$ 196,997
Net other post-employment benefits liability(asset)	(2,578,991)
OPEB related deferred inflows	2,450,006

A. General Information about the OPEB Plan

Plan Description

The District has an agent multiple-employer other post-employment benefit plan that provides medical, dental, and vision coverage to 27 active employees, 10 retired employees, and 7 covered dependents of retirees through the ACWA health program as of the measurement date, June 30, 2024. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse. Employees hired on or after July 1, 2012, are eligible for a District contribution if retiring from the District and under CalPERS on or after age 62 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only and covered spouse.

An employee may also be eligible for retiree medical, dental, and vision benefits if, at the time of retirement from the District, the employee has at least twenty-five (25) years of service in the water utility industry, has been employed by the District for a minimum continuous period of five (5) years, and has attained a minimum age of fifty (50) years. For purposes of this benefit, "retirement from the District" means the employee's effective retirement date is within 120 days of separation from employment with the District and the employee receive either a service or disability retirement allowance from CalPERS resulting from his or her service to the District.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2024, the measurement period, the District's contributions totaling \$50,041 including an implied subsidy of \$50,041. Payments made during the June 30, 2025 fiscal year end were reimbursed from the OPEB trust.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	6.50%
Inflation	2.50%
Payroll increases	3.25%
Healthcare Trend Rates	Pre-65 - 6.95% trending down annually to 5.0% by 2029 and later Post-65 - 5% trending down annually to 5.0% by 2029 and later
Morbidity	CalPERS 2021 Study
Mortality	CalPERS 2021 Study
Disability	Not valued
Retirement	2021 CalPERS Public Agency Miscellaneous experience study; 2.5% @ 55 and 2% @ 62
Percent Married	80% of future retirees would enroll a spouse

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
PARS moderate investment policy:		
Equity	30.00%	5.20%
Fixed income	65.50%	1.39%
REITs	2.50%	4.10%
Cash	2.00%	0.10%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.30%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan Fiduciary</u>	<u>Net</u>
	<u>OPEB Liability</u>	<u>Net Position</u>	<u>OPEB Liability</u>
Balance at July 1, 2024 (Measurement date July 1, 2023)	\$ 4,911,601	\$ 6,974,770	\$ (2,063,169)
Changes for the year:			
Service cost	133,442	-	133,442
Interest	310,387	-	310,387
Differences in administrative expenses	-	(1,416)	1,416
Changes in assumption	(135,731)	-	(135,731)
Employer contributions	-	45,811	(45,811)
Net investment income	-	779,525	(779,525)
Benefit payments	(240,219)	(240,219)	-
Net changes	<u>67,879</u>	<u>583,701</u>	<u>(515,822)</u>
Balance at June 30, 2025 (Measurement date June 30, 2024)	<u>\$ 4,979,480</u>	<u>\$ 7,558,471</u>	<u>\$ (2,578,991)</u>

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions

In fiscal year 2023-24, the measurement period, there was an increase in the discount rate from 6.3% to 6.5%.

Change of Benefit Terms

In fiscal year 2023-24, the measurement period, there were no changes to the actuarial assumptions.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current discount rate:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	<u>\$ (1,786,998)</u>	<u>\$ (2,578,991)</u>	<u>\$ (3,225,418)</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	1% Decrease 5.50%	Healthcare Cost Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	<u>\$ (3,311,469)</u>	<u>\$ (2,578,991)</u>	<u>\$ (1,642,050)</u>

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense/(credit) of (\$316,007). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 50,041	\$ -
Changes in assumptions	-	(912,226)
Differences between expected and actual experience	30,178	(1,537,780)
Differences between projected and actual earnings on OPEB plan investments	116,778	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 196,997</u>	<u>\$ (2,450,006)</u>

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2025*

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$50,041 as deferred inflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period	Deferred
Fiscal Year Ended June 30	Outflows/(Inflows)
	of Resources
2026	\$ (342,818)
2027	(121,666)
2028	(343,158)
2029	(333,587)
2030	(227,919)
Thereafter	(933,902)
Total	\$ (2,303,050)

At June 30, 2025, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

NOTE 10 – PENSION PLAN**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
Pension related deferred outflows	\$ 2,126,236
Net pension liability	2,905,571
Pension related deferred inflows	1,417,795

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	7.750%
Required employer contribution rates – FY 2023	14.130%	7.870%

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2024 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	14	15	29
Transferred and terminated members	13	9	22
Retired members and beneficiaries	22	-	22
Total plan members	49	24	73

All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2025, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Contributions – employer	\$ 439,265	\$ 102,893	\$ 542,158

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2025	June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.060075%	0.062459%	-0.002384%
Percentage of Plan Net Pension Liability	0.060075%	0.025035%	0.035040%

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The District's proportionate share percentage of the net pension liability for the June 30, 2024, measurement date was as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2023 (Measurement Date)	\$ 25,945,264	\$ 22,822,066	\$ 3,123,198
Balance as of June 30, 2024 (Measurement Date)	\$ 27,443,972	\$ 24,538,401	\$ 2,905,571
Change in Plan Net Pension Liability	\$ 1,498,708	\$ 1,716,335	\$ (217,627)

For the year ended June 30, 2024, the District recognized pension expense of \$548,886. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 542,158	\$ -
Difference between actual and proportionate share of employer contributions	935,784	(388,242)
Adjustment due to differences in proportions	155,132	(1,019,751)
Differences between expected and actual experience	251,213	(9,802)
Differences between projected and actual earnings on pension plan investments	167,270	-
Changes in assumptions	74,679	-
Total Deferred Outflows/(Inflows) of Resources	\$ 2,126,236	\$ (1,417,795)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

An amount of \$542,158 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2026	\$ (42,143)
2027	328,598
2028	(62,850)
2029	(57,322)
Total	\$ 166,283

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2024, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Investment Type¹	New Strategic Allocation	Real Return^{1,2}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate	Current	Discount Rate
	- 1%	Discount	+ 1%
	5.90%	Rate 6.90%	7.90%
CalPERS – Miscellaneous Plan	\$ 6,608,871	\$ 2,905,571	\$ (142,791)

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025.

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2025:

Description	June 30, 2025	June 30, 2024
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 8,302,006	\$ 6,852,285
Capital assets, net – being depreciated	65,277,064	64,646,285
Deferred amounts related to refunding of debt	2,805,000	2,970,000
Bonds payable – current portion	(1,745,000)	(1,735,000)
Bonds payable – non-current portion	(31,310,000)	(33,055,000)
Total net investment in capital assets	\$ 43,329,070	\$ 39,678,570

NOTE 12 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 13 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2024 – 401 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2024
Audit dated	March 27, 2025
Statement of financial position:	Sept 30, 2024
Total assets	<u>\$ 308,144,466</u>
Deferred outflows	<u>3,099,110</u>
Total liabilities	<u>177,706,110</u>
Deferred inflows	<u>4,357,741</u>
Net position	<u><u>\$ 129,179,725</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 261,895,930
Total expenses	<u>(253,429,117)</u>
Change in net position	8,466,813
Beginning – net position	<u>120,712,912</u>
Ending – net position	<u><u>\$ 129,179,725</u></u>
F. Member agencies share of year-end financial position	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 13 – RISK MANAGEMENT POOL (continued)

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2022.

NOTE 14 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT NO. 102)

The District is subject to systematic risk due to receiving over 50% of its revenues from water sales. This dependence exposes the District to potential service interruptions or financial impacts in the event of drought conditions, regulatory restrictions, or contamination of the water source. Although the District has contingency plans and infrastructure in place to supplement supply in emergencies, such alternatives may not fully meet demand or could result in significant additional costs.

The District continues to evaluate and implement diversification strategies, including the development of additional groundwater sources, recycled water programs, and rate structure adjustments to mitigate these concentration risks.

In accordance with GASB Statement No. 102, Certain Risk Disclosures, this note serves to disclose the concentration of revenue and associated risks that could significantly impact the District's financial position and results of operations.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised. Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of approximately \$2.5 to \$3.0 million to be paid from a combination of State and local funds.

NOTE 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 13, 2026, the date which the financial statements were available to be issued.

Required Supplementary Information

ROWLAND WATER DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability For the Year Ended June 30, 2025

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2015	0.04441%	\$ 3,309,528	\$ 2,161,937	153.08%	78.38%
June 30, 2016	0.04547%	3,934,518	2,099,673	187.39%	75.20%
June 30, 2017	0.04646%	4,607,714	2,167,973	212.54%	74.47%
June 30, 2018	0.04698%	4,527,220	2,279,335	198.62%	75.80%
June 30, 2019	0.04831%	4,950,633	2,353,585	210.34%	74.70%
June 30, 2020	0.04936%	5,370,506	2,587,427	207.56%	74.08%
June 30, 2021	0.05707%	3,086,430	2,715,233	113.67%	86.19%
June 30, 2022	0.03644%	4,209,131	2,572,145	163.64%	82.03%
June 30, 2023	0.02504%	3,123,198	3,183,868	98.09%	87.96%
June 30, 2024	0.06008%	2,905,571	3,668,985	79.19%	89.41%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%.

From fiscal year June 30, 2023 to June 30, 2024:

There were no significant changes in assumptions.

ROWLAND WATER DISTRICT*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2025***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	\$ 337,455	\$ (337,455)	\$ -	\$ 2,099,673	16.07%
June 30, 2017	371,209	(371,209)	-	2,167,973	17.12%
June 30, 2018	414,273	(414,273)	-	2,279,335	18.18%
June 30, 2019	483,791	(483,791)	-	2,353,585	20.56%
June 30, 2020	570,560	(570,560)	-	2,587,427	22.05%
June 30, 2021	642,042	(642,042)	-	2,715,233	23.65%
June 30, 2022	710,829	(3,072,829)	(2,362,000)	2,572,145	119.47%
June 30, 2023	657,138	(2,095,073)	(1,437,935)	3,183,868	65.80%
June 30, 2024	409,733	(409,733)	-	3,668,985	11.17%
June 30, 2025	542,158	(542,158)	-	3,987,761	13.60%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Market Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Market Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Market Value	2.30%	6.90%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2%@55 and 2%@60), 52 years (2%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

ROWLAND WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2025

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*						
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:							
Service cost	\$ 133,442	\$ 110,543	\$ 105,279	\$ 152,983	\$ 145,698	\$ 124,022	\$ 99,230
Interest	310,387	425,284	417,637	442,272	417,667	427,189	394,763
Changes of assumptions	(135,731)	(585,641)	-	(168,050)	-	(262,190)	-
Differences between expected and actual experience	-	(1,282,972)	(3,185)	(410,394)	51,531	(253,977)	11,333
Changes of benefit terms	-	-	-	-	-	-	151,163
Benefit payments	(240,219)	(375,809)	(432,067)	(266,776)	(221,224)	(185,776)	(179,152)
Net change in total OPEB liability	67,879	(1,708,595)	87,664	(249,965)	393,672	(150,732)	477,337
Total OPEB liability - beginning	4,911,601	6,620,196	6,532,532	6,782,497	6,388,825	6,539,557	6,062,220
Total OPEB liability - ending	4,979,480	4,911,601	6,620,196	6,532,532	6,782,497	6,388,825	6,539,557
Plan fiduciary net position:							
Contributions - employer	45,811	375,809	432,067	1,686,776	641,224	605,776	599,152
Net investment income	779,525	473,839	(990,225)	1,194,246	166,568	264,426	203,849
Administrative expense	(1,416)	-	-	-	-	-	(10,222)
Benefit payments	(240,219)	(375,809)	(432,067)	(266,776)	(221,224)	(185,776)	(179,152)
Net change in plan fiduciary net position	583,701	473,839	(990,225)	2,614,246	586,568	684,426	613,627
Plan fiduciary net position - beginning	6,974,770	6,500,931	7,491,156	4,876,910	4,290,342	3,605,916	2,992,289
Plan fiduciary net position - ending	7,558,471	6,974,770	6,500,931	7,491,156	4,876,910	4,290,342	3,605,916
District's net OPEB liability	<u>\$ (2,578,991)</u>	<u>\$ (2,063,169)</u>	<u>\$ 119,265</u>	<u>\$ (958,624)</u>	<u>\$ 1,905,587</u>	<u>\$ 2,098,483</u>	<u>\$ 2,933,641</u>
Plan fiduciary net position as a percentage of the total OPEB liability	151.79%	142.01%	98.20%	114.67%	71.90%	67.15%	55.14%
Covered-employee payroll	<u>\$ 3,965,402</u>	<u>\$ 3,341,037</u>	<u>\$ 3,301,898</u>	<u>\$ 3,095,166</u>	<u>\$ 2,856,168</u>	<u>\$ 2,728,686</u>	<u>\$ 2,285,510</u>
District's net OPEB liability as a percentage of covered-employee payroll	-65.04%	-61.75%	3.61%	-30.97%	66.72%	76.90%	128.36%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits

Measurement Date June 30, 2018 – Coverage expanded to spouses for future retirees hired on or after July 1, 2009 if they have 25 years of service, effective fiscal year ending June 30, 2018

Measurement Date June 30, 2019 – There were no changes in benefits

Measurement Date June 30, 2020 – There were no changes in benefits

Measurement Date June 30, 2021 – There were no changes in benefits

Measurement Date June 30, 2022 – There were no changes in benefits

Measurement Date June 30, 2023 – There were no changes in benefits

Measurement Date June 30, 2024 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – Average per capita claims cost was updated to reflect actual 2017 premiums, health care cost trend rate was updated to reflect 2018 industry survey mortality table was updated to reflect most recent CalPERS studies.

Measurement Date June 30, 2018 – There were no changes in benefits

Measurement Date June 30, 2019 – Census data from the plans participants was updated, which decreased the total OPEB liability by \$262,190.

Measurement Date June 30, 2020 – There were no changes in benefits

Measurement Date June 30, 2021 – There were no changes in benefits

Measurement Date June 30, 2022 – There were no changes in benefits

Measurement Date June 30, 2023 – The discount rate was reduced to 6.30% from 6.5% and CalPERS 2021 Experience Study was used for assumptions

Measurement Date June 30, 2024 – There were no changes in benefits

ROWLAND WATER DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2025

Fiscal Year Ended	Last Ten Fiscal Years*						
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarially determined contribution	\$ 50,041	\$ 45,811	\$ 393,663	\$ 296,665	\$ 308,417	\$ 354,481	\$ 343,260
Contributions in relation to the actuarially determined contributions	(50,041)	(45,811)	(375,809)	(1,686,776)	(641,224)	(605,776)	(599,152)
Contribution deficiency (excess)	\$ -	\$ -	\$ 17,854	\$ (1,390,111)	\$ (332,807)	\$ (251,295)	\$ (255,892)
Covered payroll	\$ 3,965,402	\$ 3,341,037	\$ 3,301,898	\$ 3,095,166	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510
Contributions as a percentage of covered payroll	1.26%	1.37%	11.38%	54.50%	22.45%	22.20%	26.22%

Notes to Schedule:

Valuation Date	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:							
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.50%	6.30%	6.50%	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	2.26%	2.26%	2.26%	2.26%	2.26%
Payroll increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Mortality	(6)	(6)	(2)	(2)	(2)	(2)	(2)
Morbidity	(6)	(6)	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%	80%	80%
Healthcare trend rates	(7)	(7)	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) CalPERS 2014 Study

(3) CalPERS 2013 Study

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) Pre-65 - 8.00% trending down 0.25% annually to 5.00% in 2031 and later
Post-65 - 5.50% trending down 0.25% annually to 5.00% in 2021 and later

(6) CalPERS 2021 Study

(7) Pre-65 - 7.74% trending down to 4.50%

Post-65 - 4.85% trending down to 4.50%

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

Supplementary Information

ROWLAND WATER DISTRICT*Schedule of Other Operating Expenses**For the Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Other Operating Expenses:		
Certification, fees and permits	\$ 158,619	\$ 135,545
Engineering	259,261	241,544
Maintenance and operations	83,546	116,407
Small tools and supplies	52,486	42,859
Water tests	<u>27,670</u>	<u>31,742</u>
Total Other Operating Expenses	<u>\$ 581,582</u>	<u>\$ 568,097</u>

ROWLAND WATER DISTRICT*Schedule of General and Administrative Expenses**For the Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
General and Administrative Expenses:		
Salaries and wages	\$ 1,828,337	\$ 1,671,168
Payroll taxes	297,501	282,485
Employee benefits	792,665	751,465
OPEB expenses	(362,363)	(200,638)
Pension expenses	737,608	1,157,117
Director's fees and expenses	159,433	155,068
Bank service charges	309,918	235,476
Community outreach	158,209	121,111
Conferences, training and travel	175,407	162,859
Conservation rebate program	61,256	63,047
Information technology	490,740	492,593
Insurance – liability and workers' compensation	368,317	275,192
Membership fees and dues	59,405	57,053
Miscellaneous	193,923	182,766
Office supplies	30,858	23,022
Professional services	196,340	198,683
Repairs and maintenance	77,343	42,617
Service contracts	414,918	438,635
Taxes, permits and fees	14,582	13,272
Uncollectable accounts	22,928	(22,982)
Utilities	117,910	130,573
Vehicle expenses	155,879	186,675
Total General and Administrative Expenses	<u><u>\$ 6,301,114</u></u>	<u><u>\$ 6,417,257</u></u>

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Rowland Water District
Rowland Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
January 13, 2026

ROWLAND WATER DISTRICT
Report to the Board of Directors
For the Fiscal Year Ended
June 30, 2025

NIGRO
& NIGRO^{PC}



Board of Directors
Rowland Water District
Rowland Heights, California

We are pleased to present this report related to our audit of the financial statements of the Rowland Water District (District) as of and for the year ended June 30, 2025. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

NIGRO & NIGRO, PC

Murrieta, California
January 13, 2026

ROWLAND WATER DISTRICT
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For the Fiscal Year Ended June 30, 2025

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Required Communications

ROWLANDWATER DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2025

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated May 1, 2025. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices	<p>Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p>Adoption of, or Change in, Significant Accounting Policies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
Audit Adjustments	Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries .
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

ROWLAND WATER DISTRICT*Required Communications**For the Fiscal Year Ended June 30, 2025*

Area	Comments
Discussions With Management	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	<p>We applied certain limited procedures to the:</p> <ol style="list-style-type: none">1. Management's Discussion and Analysis2. Required Pension Plan Disclosures3. Required OPEB Plan Disclosures <p>Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>

ROWLAND WATER DISTRICT
Required Communications
For the Fiscal Year Ended June 30, 2025

Area	Comments
Supplementary Information	<p>We were engaged to report on the,</p> <p>Supplementary Information:</p> <ol style="list-style-type: none">1. Schedule of Other Operating Expenses2. Schedule of General and Administrative Expenses <p>Which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p>

This information is intended solely for the information and use of Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Our Audit Methodology

As part of our firm's standard audit methodology, once our Audit Team has uploaded management's trial balance into our audit software, we are required to report to the Governance Board and Management all adjustments made to the trial balance during the audit process. This includes any proposed audit adjustments identified by our auditors as well as any adjustments provided by management. Our policy is designed to ensure full transparency and to give the Governance Board and Management a clear understanding of the nature and extent of changes considered during the audit, thereby reinforcing the integrity and depth of the audit procedures performed.

Disclosure of Audit Adjustments and Reclassifications

As part of our external audit engagement, we operate under the presumption that the District's books and records are materially accurate and appropriately closed prior to the commencement of audit fieldwork. Nonetheless, audit adjustments and reclassifications are often proposed during the course of the audit to ensure the District's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and to enhance comparability with prior-year financial data. In the interest of transparency and governance, we have included, as an attachment to this letter, a summary of audit adjustments and reclassification journal entries identified during the audit.

The existence or absence of such adjustments does not inherently indicate deficiencies, but rather reflects the auditor's role in enhancing the fair presentation of the financial statements. Disclosure of these items provides the Governance Board and Management with insight into the scope and depth of the audit procedures performed.

To promote timely and accurate financial reporting, we recommend that management strengthen internal controls and oversight over the year-end financial close process. Enhancing these procedures can reduce the volume of post-closing audit adjustments and reclassifications, improve the quality of interim and year-end financial reporting, and support the District's efforts in maintaining compliance with financial reporting requirements and best practices in fiscal governance.

Summary of Adjusting Journal Entries

ROWLAND WATER DISTRICT

Summary of Adjusting Journal Entries For the Fiscal Year Ended June 30, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To record GASB 87			
14500-0	LEASE RECEIVABLE	21,896.00	
42380-0	CONTRACT INCOME	11,768.00	
23094-0	DEFERRED INFLOWS - LEASES		17,380.00
49210-0	INTEREST INCOME		16,284.00
Total		33,664.00	33,664.00
Adjusting Journal Entries JE # 2			
To record GASB 68			
23090-0	NET PENSION LIABILITY	217,627.00	
23091-0	DEFERRED INFLOWS - ACTUARIAL	715,824.00	
56401-0	PENSION EXPENSE/(INCOME)	6,729.00	
13901-0	DEFERRED OUTFLOWS - CONTRIB.		940,180.00
Total		940,180.00	940,180.00
Adjusting Journal Entries JE # 3			
To record GASB 75			
13902-0	OPEB DEFERRED OUTFLOWS	4,230.00	
23092-0	NET OPEB LIABILITY	515,822.00	
23093-0	OPEB DEFERRED INFLOWS	262,712.00	
13902-1	DOR-OPEB RELATED		416,716.00
56900-0	ANNUAL OPEB COST		316,007.00
56900-1	OPEB-DEFERRED CONTRIBUTIONS		50,041.00
Total		782,764.00	782,764.00
Adjusting Journal Entries JE # 4			
To adjust compensated absences to include new GASB 101			
53110-0	WAGES-WATER TREATMENT	8,841.98	
54110-0	WAGES-MAINS & SERVICES	9,600.18	
56110-0	WAGES-ADMINISTRATIVE	16,542.38	
23020-0	ACCRUED VACATIONS		19,197.09
23022-0	ACCRUED SICK LEAVE PAY		15,787.45
Total		34,984.54	34,984.54
Adjusting Journal Entries JE # 5			
To reclass reimbursement to other account			
16000-0	FIDUCIARY INVESTMENTS-OPEB	157,389.59	
56900-0	ANNUAL OPEB COST		157,389.59
Total		157,389.59	157,389.59
Adjusting Journal Entries JE # 6			
To move loss to depreciation			
57110-0	DEPRECIATION-FIELD	51,905.24	
49511-0	GAIN ON SALE OF ASSETS		51,905.24
Total		51,905.24	51,905.24
Adjusting Journal Entries JE # 7			
To adjust accrued interest			
23030-0	INTEREST PAYABLE	997.24	
56225-0	INTEREST EXPENSE		997.24
Total		997.24	997.24
Total Adjusting Journal Entries		2,001,884.61	2,001,884.61

ROWLAND WATER DISTRICT
Report to the Board of Directors
For the Fiscal Year Ended
June 30, 2025

NIGRO
& NIGRO^{PC}



Board of Directors
Rowland Water District
Rowland Heights, California

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Very truly yours,

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Murrieta, California
January 13, 2026

ROWLAND WATER DISTRICT

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For the Fiscal Year Ended June 30, 2025

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ROWLAND WATER DISTRICT
Required Communications
For the Fiscal Year Ended June 30, 2025

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Disclosure of Audit Adjustments and Reclassifications

As part of our external audit engagement, we operate under the presumption that the District's books and records are materially accurate and appropriately closed prior to the commencement of audit fieldwork. Nonetheless, audit adjustments and reclassifications are often proposed during the course of the audit to ensure the District's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and to enhance comparability with prior-year financial data. In the interest of transparency and governance, we have included, as an attachment to this letter, a summary of audit adjustments and reclassification journal entries identified during the audit.

The existence or absence of such adjustments does not inherently indicate deficiencies, but rather reflects the auditor's role in enhancing the fair presentation of the financial statements. Disclosure of these items provides the Governance Board and Management with insight into the scope and depth of the audit procedures performed.

To promote timely and accurate financial reporting, we recommend that management strengthen internal controls and oversight over the year-end financial close process. Enhancing these procedures can reduce the volume of post-closing audit adjustments and reclassifications, improve the quality of interim and year-end financial reporting, and support the District's efforts in maintaining compliance with financial reporting requirements and best practices in fiscal governance.

Summary of Adjusting Journal Entries

ROWLAND WATER DISTRICT

Summary of Adjusting Journal Entries For the Fiscal Year Ended June 30, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To record GASB 87			
14500-0	LEASE RECEIVABLE	21,896.00	
42380-0	CONTRACT INCOME	11,768.00	
23094-0	DEFERRED INFLOWS - LEASES		17,380.00
49210-0	INTEREST INCOME		16,284.00
Total		33,664.00	33,664.00
Adjusting Journal Entries JE # 2			
To record GASB 68			
23090-0	NET PENSION LIABILITY	217,627.00	
23091-0	DEFERRED INFLOWS - ACTUARIAL	715,824.00	
56401-0	PENSION EXPENSE/(INCOME)	6,729.00	
13901-0	DEFERRED OUTFLOWS - CONTRIB.		940,180.00
Total		940,180.00	940,180.00
Adjusting Journal Entries JE # 3			
To record GASB 75			
13902-0	OPEB DEFERRED OUTFLOWS	4,230.00	
23092-0	NET OPEB LIABILITY	515,822.00	
23093-0	OPEB DEFERRED INFLOWS	262,712.00	
13902-1	DOR-OPEB RELATED		416,716.00
56900-0	ANNUAL OPEB COST		316,007.00
56900-1	OPEB-DEFERRED CONTRIBUTIONS		50,041.00
Total		782,764.00	782,764.00
Adjusting Journal Entries JE # 4			
To adjust compensated absences to include new GASB 101			
53110-0	WAGES-WATER TREATMENT	8,841.98	
54110-0	WAGES-MAINS & SERVICES	9,600.18	
56110-0	WAGES-ADMINISTRATIVE	16,542.38	
23020-0	ACCRUED VACATIONS		19,197.09
23022-0	ACCRUED SICK LEAVE PAY		15,787.45
Total		34,984.54	34,984.54
Adjusting Journal Entries JE # 5			
To reclass reimbursement to other account			
16000-0	FIDUCIARY INVESTMENTS-OPEB	157,389.59	
56900-0	ANNUAL OPEB COST		157,389.59
Total		157,389.59	157,389.59
Adjusting Journal Entries JE # 6			
To move loss to depreciation			
57110-0	DEPRECIATION-FIELD	51,905.24	
49511-0	GAIN ON SALE OF ASSETS		51,905.24
Total		51,905.24	51,905.24
Adjusting Journal Entries JE # 7			
To adjust accrued interest			
23030-0	INTEREST PAYABLE	997.24	
56225-0	INTEREST EXPENSE		997.24
Total		997.24	997.24
	Total Adjusting Journal Entries	2,001,884.61	2,001,884.61

**ROWLAND WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2025
(With Comparative Amounts as of June 30, 2024)**

NIGRO & NIGRO^{PC}

ROWLAND WATER DISTRICT

For the Fiscal Year Ended June 30, 2025

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Rowland Water District
Rowland Heights, California

Opinion

We have audited the accompanying financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025 and 2024, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1, 6, and 16 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences and Statement No. 102, Certain Risk Disclosures. Our opinion is not modified with respect to these matters

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and Schedule of the Agency's Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Schedule of Other Operating Expenses and Schedule of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 13, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
January 13, 2026

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

Management's Discussion and Analysis (MD&A) offers readers of Rowland Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2025, the District's net position increased 7.47%, or \$6,633,626 from the prior year's net position of \$88,749,439 to \$95,383,065 as a result of the year's operations.
- In fiscal year 2025, operating revenues increased 10.24%, or \$3,023,820 from \$29,530,756 to \$32,554,576, from the prior year, primarily due to increases in water sales.
- In fiscal year 2025, operating expenses before depreciation expense increased by 8.75% or \$1,924,399 from \$21,991,931 to \$22,916,330, from the prior year, primarily due to increases in source of supply expenses.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Assets:			
Current assets	\$ 24,220,854	\$ 25,283,147	\$ (1,062,293)
Non-current assets	38,160,026	34,818,504	3,341,522
Capital assets, net	<u>73,579,070</u>	<u>71,498,570</u>	<u>2,080,500</u>
Total assets	<u>135,959,950</u>	<u>131,600,221</u>	<u>4,359,729</u>
Deferred outflows of resources	<u>5,128,233</u>	<u>6,645,899</u>	<u>(1,517,666)</u>
Total assets and deferred outflows of resources	<u>\$ 141,088,183</u>	<u>\$ 138,246,120</u>	<u>\$ 2,842,063</u>
Liabilities:			
Current liabilities	\$ 6,614,524	\$ 7,544,492	\$ (929,968)
Non-current liabilities	<u>34,584,795</u>	<u>36,485,236</u>	<u>(1,900,441)</u>
Total liabilities	<u>41,199,319</u>	<u>44,029,728</u>	<u>(2,830,409)</u>
Deferred inflows of resources	<u>4,505,799</u>	<u>5,466,953</u>	<u>(961,154)</u>
Net position:			
Net investment in capital assets	43,329,070	39,678,570	3,650,500
Restricted	4,145,548	3,316,790	828,758
Unrestricted	<u>47,908,447</u>	<u>45,754,079</u>	<u>2,154,368</u>
Total net position	<u>95,383,065</u>	<u>88,749,439</u>	<u>6,633,626</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 141,088,183</u>	<u>\$ 138,246,120</u>	<u>\$ 2,842,063</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$95,383,065 as of June 30, 2025.

ROWLAND WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (45% as of June 30, 2025) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2025, the District showed a positive balance in its unrestricted net position of \$47,904,000 which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Operating revenues	\$ 32,554,576	\$ 29,530,756	\$ 3,023,820
Operating expenses	<u>(23,916,330)</u>	<u>(21,991,931)</u>	<u>(1,924,399)</u>
Operating income before depreciation	8,638,246	7,538,825	1,099,421
Depreciation expense	<u>(3,676,907)</u>	<u>(3,363,615)</u>	<u>(313,292)</u>
Operating income	4,961,339	4,175,210	786,129
Non-operating revenues(expenses), net	<u>1,123,960</u>	<u>755,860</u>	<u>368,100</u>
Change in net position before capital	6,085,299	4,931,070	1,154,229
Capital contributions:			
Contributed capital–other	<u>548,327</u>	<u>1,100,000</u>	<u>(551,673)</u>
Change in net position	6,633,626	6,031,070	602,556
Net position:			
Beginning of year	<u>88,749,439</u>	<u>82,718,369</u>	<u>6,031,070</u>
End of year	<u>\$ 95,383,065</u>	<u>\$ 88,749,439</u>	<u>\$ 6,633,626</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased 7.47%, or \$6,633,626 from the prior year's net position of \$88,749,439 to \$95,383,065, as a result of the year's operations.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)*

FINANCIAL ANALYSIS OF THE DISTRICT (continued)**Total Revenues**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Water sales	\$ 18,207,104	\$ 15,926,705	\$ 2,280,399
Water service charges	12,722,423	12,312,083	410,340
New service connections	897,274	466,217	431,057
Reimbursements	311,263	262,840	48,423
Other operating revenues	<u>416,512</u>	<u>562,911</u>	<u>(146,399)</u>
Total operating revenues	<u>32,554,576</u>	<u>29,530,756</u>	<u>3,023,820</u>
Non-operating revenues:			
Property taxes	679,721	638,141	41,580
Investment earnings	1,419,074	1,137,818	281,256
Rental and contract revenue	252,084	235,211	16,873
Sale of assets	48,000	-	48,000
Other non-operating revenues	104,562	27,643	76,919
Change in investment in joint-ventures	275,211	658,677	(383,466)
Contributed capital-other	<u>548,327</u>	<u>1,100,000</u>	<u>(551,673)</u>
Total non-operating revenues	<u>3,326,979</u>	<u>3,797,490</u>	<u>(470,511)</u>
Total revenues	<u>\$ 35,881,555</u>	<u>\$ 33,328,246</u>	<u>\$ 2,553,309</u>

In fiscal year 2025, operating revenues increased 10.24%, or \$3,023,820 from \$29,530,756 to \$32,554,576, from the prior year, primarily due to increases in water sales.

Also, non-operating revenues decreased by 12.39%, or \$470,511 from \$3,797,490 to \$3,326,979 due to the decrease in contributed capital.

ROWLAND WATER DISTRICT*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)***FINANCIAL ANALYSIS OF THE DISTRICT (continued)****Total Expenses**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Source of supply	\$ 12,879,744	\$ 11,266,648	\$ 1,613,096
Pumping and power	1,715,884	1,736,997	(21,113)
Transmission and distribution	2,438,006	2,002,932	435,074
Other operating expenses	581,582	568,097	13,485
General and administrative	6,301,114	6,417,257	(116,143)
Total operating expenses	<u>23,916,330</u>	<u>21,991,931</u>	<u>1,924,399</u>
Depreciation expense	<u>3,676,907</u>	<u>3,363,615</u>	<u>313,292</u>
Non-operating expenses:			
Interest expense	870,787	878,415	(7,628)
Contributions to joint-venture	783,905	1,063,215	(279,310)
Total non-operating expenses	<u>1,654,692</u>	<u>1,941,630</u>	<u>(286,938)</u>
Total expenses	<u>\$ 29,247,929</u>	<u>\$ 27,297,176</u>	<u>\$ 1,950,753</u>

In fiscal year 2025, operating expenses before depreciation expense increased by 8.75% or \$1,924,399 from \$21,991,931 to \$23,916,330, from the prior year, primarily due to increases in source of supply expenses.

Capital Assets

	<u>Balance June 30, 2025</u>	<u>Balance June 30, 2024</u>
Capital assets:		
Non-depreciable assets	\$ 8,302,006	\$ 6,852,285
Depreciable assets	116,431,846	112,424,801
Accumulated depreciation	<u>(51,154,782)</u>	<u>(47,778,516)</u>
Total capital assets, net	<u>\$ 73,579,070</u>	<u>\$ 71,498,570</u>

At the end of year 2025, the District's investment in capital assets amounted to \$73,579,070 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$5,757,407 for various projects and equipment. See Note 6 for further information.

ROWLAND WATER DISTRICT

Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

The long-term debt of the District is summarized below:

	Balance	Balance
Long-term debt:	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Bonds payable	<u>\$ 33,055,000</u>	<u>\$ 34,790,000</u>

Long-term debt had no change during the 2025 fiscal year. There were no principal payments due during the year. See Note 8 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

The District’s Board of Directors and management considered many factors when setting the fiscal year 2025, user fees, and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the Source of Supply. Since the District heavily relies on import water, the costs are directly passed through by Metropolitan Water District and Three Valleys Municipal Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District’s customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District’s Finance Officer.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the District’s funding sources, customers, stakeholders and other interested parties with an overview of the District’s financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District’s Director of Finance, 3021 S. Fullerton Rd., Rowland Heights, CA 91748 – (562) 697-1726.

ROWLAND WATER DISTRICT

Balance Sheets

June 30, 2025 (With Comparative Amounts as of June 30, 2024)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024
Current assets:		
Cash and cash equivalents (Note 2)	\$ 13,465,231	\$ 15,223,774
Investments (Note 2)	5,484,420	5,299,761
Accrued interest receivable	248,831	200,161
Accounts receivable, net (Note 3)	3,675,946	3,525,229
Property taxes receivable	9,074	12,793
Lease receivable (Note 4)	200,240	154,307
Other receivables	373,966	146,691
Inventory – water-in-storage	143,215	118,881
Inventory – materials and supplies	475,589	461,195
Prepaid expenses	144,342	140,355
Total current assets	24,220,854	25,283,147
Non-current assets:		
Investments (Note 2)	9,616,952	7,122,572
Restricted – investments (Note 2)	1,566,557	1,253,621
Investments in joint-ventures (Note 5)	23,924,477	23,882,056
Lease receivable (Note 4)	473,049	497,086
Net OPEB asset (Note 9)	2,578,991	2,063,169
Capital assets – not being depreciated (Note 6)	8,302,006	6,852,285
Capital assets – being depreciated, net (Note 6)	65,277,064	64,646,285
Total non-current assets	111,739,096	106,317,074
Total assets	135,959,950	131,600,221
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 8)	2,805,000	2,970,000
Deferred amounts related to net OPEB liability(asset) (Note 9)	196,997	609,483
Deferred amounts related to net pension liability (Note 10)	2,126,236	3,066,416
Total deferred outflows of resources	5,128,233	6,645,899
Total assets and deferred outflows of resources	\$ 141,088,183	\$ 138,246,120
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,803,513	\$ 3,002,969
Deposits and unearned revenues	1,887,931	2,648,175
Accrued interest payable	55,005	56,002
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	123,075	102,346
Bonds payable (Note 8)	1,745,000	1,735,000
Total current liabilities	6,614,524	7,544,492
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	369,224	307,038
Bonds payable (Note 8)	31,310,000	33,055,000
Net pension liability (Note 10)	2,905,571	3,123,198
Total non-current liabilities	34,584,795	36,485,236
Total liabilities	41,199,319	44,029,728
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	637,998	620,616
Deferred amounts related to net OPEB liability(asset) (Note 9)	2,450,006	2,712,718
Deferred amounts related to net pension liability (Note 10)	1,417,795	2,133,619
Total deferred inflows of resources	4,505,799	5,466,953
Net position:		
Net investment in capital assets (Note 11)	43,329,070	39,678,570
Restricted for OPEB expenses (Note 9)	2,578,991	2,063,169
Restricted for pension expenses (Note 2)	1,566,557	1,253,621
Unrestricted	47,908,447	45,754,079
Total net position	95,383,065	88,749,439
Total liabilities, deferred inflows of resources and net position	\$ 141,088,183	\$ 138,246,120

ROWLAND WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	2025	2024
Operating revenues:		
Water sales	\$ 18,207,104	\$ 15,926,705
Water service charges	12,722,423	12,312,083
New service connections	897,274	466,217
Reimbursements	311,263	262,840
Other operating revenues	416,512	562,911
Total operating revenues	32,554,576	29,530,756
Operating expenses:		
Source of supply	12,879,744	11,266,648
Pumping and power	1,715,884	1,736,997
Transmission and distribution	2,438,006	2,002,932
Other operating	581,582	568,097
General and administrative	6,301,114	6,417,257
Total operating expenses	23,916,330	21,991,931
Operating income before depreciation	8,638,246	7,538,825
Depreciation expense	(3,676,907)	(3,363,615)
Operating income	4,961,339	4,175,210
Non-operating revenues(expenses):		
Property taxes	679,721	638,141
Investment earnings	1,419,074	1,137,818
Rental and contract revenue	252,084	235,211
Sale of assets	48,000	-
Other non-operating revenues	104,562	27,643
Interest expense	(870,787)	(878,415)
Contributions to joint-venture (Note 5)	(783,905)	(1,063,215)
Change in investment in joint-ventures (Note 5)	275,211	658,677
Total non-operating revenues(expenses), net	1,123,960	755,860
Change in net position before capital contributions	6,085,299	4,931,070
Capital contributions:		
Contributed capital-other	548,327	1,100,000
Total capital contributions	548,327	1,100,000
Change in net position	6,633,626	6,031,070
Net position:		
Beginning of year	88,749,439	82,718,369
End of year	<u>\$ 95,383,065</u>	<u>\$ 88,749,439</u>

ROWLAND WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 31,816,472	\$ 33,386,536
Cash paid to employees for salaries and wages	(4,525,422)	(4,136,555)
Cash paid to vendors and suppliers for materials and services	<u>(19,909,483)</u>	<u>(17,263,659)</u>
Net cash provided by operating activities	<u>7,381,567</u>	<u>11,986,322</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	<u>683,440</u>	<u>640,028</u>
Net cash provided by non-capital financing activities	<u>683,440</u>	<u>640,028</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,757,407)	(4,114,565)
Principal paid on long-term debt	(1,735,000)	(1,380,000)
Interest paid on long-term debt	(706,784)	(713,986)
Proceeds from sale of assets	<u>48,000</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(8,151,191)</u>	<u>(6,208,551)</u>
Cash flows from investing activities:		
Change in investments	(2,994,016)	(1,913,669)
Investment earnings	1,321,657	949,417
Contributions to joint-ventures	<u>-</u>	<u>(939,977)</u>
Net cash used in investing activities	<u>(1,672,359)</u>	<u>(1,904,229)</u>
Net increase(decrease) in cash and cash equivalents	<u>(1,758,543)</u>	<u>4,513,570</u>
Cash and cash equivalents:		
Beginning of year	<u>15,223,774</u>	<u>10,710,204</u>
End of year	<u><u>\$ 13,465,231</u></u>	<u><u>\$ 15,223,774</u></u>

ROWLAND WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,961,339	\$ 4,175,210
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,676,907	3,363,615
Allowance for bad debt	12,686	(83,284)
Rental and contract revenue	252,084	235,211
Other non-operating revenues	104,562	27,643
Change in assets – (increase)decrease:		
Accounts receivable, net	(163,403)	(85,139)
Lease receivable	(21,896)	161,226
Other receivables	(227,275)	3,803,804
Inventory – water-in-storage	(24,334)	(9,591)
Inventory – materials and supplies	(14,394)	(188,267)
Prepaid expenses	(3,987)	(39,248)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB liability	412,486	538,231
Deferred amounts related to net pension liability	940,180	1,870,012
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(199,456)	393,491
Deposits and unearned revenues	(760,244)	(37,930)
Compensated absences	82,915	27,552
Net OPEB liability(asset)	(515,822)	(2,182,434)
Net pension liability	(217,627)	(1,085,933)
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	17,382	(165,751)
Deferred amounts related to net OPEB liability	(262,712)	1,480,583
Deferred amounts related to net pension liability	(715,824)	(212,679)
Total adjustments	<u>2,420,228</u>	<u>7,811,112</u>
Net cash provided by operating activities	<u>\$ 7,381,567</u>	<u>\$ 11,986,322</u>
Noncash investing, capital and financing transactions:		
Change in fair-value of investments	\$ 48,747	\$ 71,153
Amortization of deferred amounts related to refunding of long-term debt	<u>\$ (165,000)</u>	<u>\$ (165,000)</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Rowland Water District (District) was formed by the voters on March 3, 1953 under the County Water District Law, Division 12 Water Code, State of California, to provide a safe and reliable water source to allow the community to transform a cattle raising and farming area into the large urban and industrial area it serves today. The District encompasses a 17.2 square mile area in Southeastern Los Angeles County, which services portions of Rowland Heights, La Puente, Hacienda Heights, City of Industry, and City of West Covina. The service area's population is approximately 60,000.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

4. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

6. Inventories and Water in Storage

Supply inventories maintained by the District consist primarily of water meters and accessories, water pipes, valves, and various fittings. Inventories are valued at cost using the first-in, first-out method. Water in storage is valued at average cost.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$10,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Transmission and distribution system	15-75 years
Equipment	5-10 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences, and the District's policies related to compensated absences. The measurement of compensated absences includes salary-related payment such as the employer portion of social security and Medicare taxes.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2024

Measurement Period July 1, 2023 to June 30, 2024

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2024

Measurement Period July 1, 2023 to June 30, 2024

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted net position** - This component of net position consists of amounts held for the net OPEB asset expenses in future periods.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Taxes

The Los Angeles County Assessor's Office assesses all real and personal property within the County each year. The Los Angeles County Tax Collector's Office bills and collects the District's share of property taxes. The Los Angeles County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Los Angeles County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and November 10

F. New Pronouncements– Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 6 for the effect of this Statement.

GASB Statement No. 102 – Certain Risk Disclosures

This GASB Statement requires state and local governments to disclose vulnerabilities due to certain concentrations and constraints that could significantly impact their financial health. A concentration refers to a dependency on a specific source—such as a major revenue stream, customer, supplier, or workforce—while a constraint involves legal, regulatory, contractual, or other external limitations that restrict an entity's ability to respond to those risks. If these factors make the government vulnerable to a near-term severe impact, disclosure is required in the notes to the financial statements. The goal of Statement No. 102 is to improve transparency and provide users with better insight into potential risks that could affect a government's financial condition. The District adopted the Statement as of July 1, 2024. See Note 16 for the effect of this Statement.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2025</u>
Cash and cash equivalents	\$ 13,465,231
Investments – current	5,484,420
Investments – non-current	9,616,952
Restricted – investments	<u>1,566,557</u>
Total cash and investments	<u>\$ 30,133,160</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2025</u>
Petty cash	\$ 1,000
Demand deposits held with financial institutions	4,059,539
Local Agency Investment Fund (LAIF)	9,404,692
Investments in Section 115 Trust	1,566,557
Investments	<u>15,101,372</u>
Total cash and investments	<u>\$ 30,133,160</u>

Demand Deposits with Financial Institutions

At June 30, 2025, the carrying amount of the District's demand deposits were \$4,059,539 and the financial institution's balances were \$4,096,391. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2024, the District held \$10,139,166 in LAIF.

Investments in Section 115 Trust

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's CalPERS pension plans. The Section 115 Pension Trust's specific cash and investments are managed by a third party portfolio manager under guidelines approved by the District.

Investments

The District's investments as of June 30, 2025 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. government sponsored agency securities	Level 2	A to AAA	\$ 10,742,664	\$ 3,575,071	\$ 3,964,049	\$ 3,203,544
Medium-term notes	Level 2	A to AAA	3,858,860	1,409,500	1,039,908	1,409,452
Money-market mutual funds	N/A	AAA	499,848	499,848	-	-
Total investments			\$ 15,101,372	\$ 5,484,419	\$ 5,003,957	\$ 4,612,996

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investment of funds within the OPEB Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5-years	None	None
U.S. Government Sponsored Agency Securities	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	5%
CD Placement Service	5-years	30%	None
Banker's Acceptances	180 days	40%	30%
Reverse Purchase Agreement	92 days	20%	None
Repurchase Agreements	1-year	None	None
Commercial Paper	270 days	25%	10%
Medium- Term Notes	5-years	30%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Collateralized Bank Deposits	5-years	None	None
Bank/Time Deposits	5-years	None	None

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Obligations	None	None	None
US Government Sponsored Agency Securities:	None	None	None
Federal Home Loan Bank	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Federal National Mortgage Association	None	None	None
Federal Farm Credit Bank	None	None	None
State and Local Agency Obligations	None	None	None
Banker's Acceptances	1-year	None	None
Medium- Term Notes	3-year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2025.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2025. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Amount</u>
U.S. government sponsored agency securities:	
Federal Home Loan Bank	\$ 8,494,349
Federal Home Loan Mortgage Corporation	\$ 1,548,107

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the District's investments were assigned a Level 2 input on the Investment Table.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The balance at June 30, 2025 consists of the following;

<u>Description</u>	<u>June 30, 2025</u>
Accounts receivable	\$ 3,730,673
Allowance for doubtful accounts	<u>(54,727)</u>
Total accounts receivable, net	<u><u>\$ 3,675,946</u></u>

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District’s lease receivable for the year ended June 30, 2025 was as follows:

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Cellular antenna site rental 1	\$ 92,198	\$ -	\$ (25,687)	\$ 66,511
Cellular antenna site rental 2	-	218,818	(42,615)	176,203
Cellular antenna site rental 3	97,497	-	(49,730)	47,767
Cellular antenna site rental 4	317,941	-	(39,765)	278,176
Cellular antenna site rental 5	143,757	-	(39,125)	104,632
	<u>\$ 651,393</u>	<u>\$ 218,818</u>	<u>\$ (196,922)</u>	<u>\$ 673,289</u>

Changes in the District’s lease receivable for the year ended June 30, 2024 was as follows:

Description	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Cellular antenna site rental 1	\$ 96,313	\$ 21,064	\$ (25,179)	\$ 92,198
Cellular antenna site rental 2	33,814	-	(33,814)	-
Cellular antenna site rental 3	144,767	-	(47,270)	97,497
Cellular antenna site rental 4	355,610	-	(37,669)	317,941
Cellular antenna site rental 5	182,115	-	(38,358)	143,757
	<u>\$ 812,619</u>	<u>\$ 21,064</u>	<u>\$ (182,290)</u>	<u>\$ 651,393</u>

The District is reporting a total lease receivable of \$673,289 and \$651,393 and a total related deferred inflows of resources of \$637,996 and \$620,616 for the years ending June 30, 2025 and 2024, respectively. Also, the District is reporting total lease revenue of \$196,922 and \$182,290 and interest revenue of \$16,284 and \$16,991 related to lease payments received for the years ending June 30, 2025 and 2024, respectively. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District’s leases are summarized as follows:

Cellular Antenna Site Rental 1

The District, on January 1, 2023, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$106,489. There was a remeasurement of the lease to account for an amendment as of July 1, 2023. The lease receivable was remeasured to \$117,377 as of July 1, 2023. As of June 30, 2025 the value of the lease receivable was \$66,511. The lease is required to make monthly fixed payments of \$2,271 for the remaining 60 months, then increasing 10% every 5 years. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$66,511 as of June 30, 2025. The District recognized lease revenue of \$25,687 and interest revenue of \$1,564 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Cellular Antenna Site Rental 2

The District, on July 1, 2024, renewed a continuous lease for 57 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$218,818. As of June 30, 2025, the value of the lease receivable was \$176,203. The lease is required to make monthly fixed payments of \$3,942 for the next 9 months, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$172,751 as of June 30, 2025. The District recognized lease revenue of \$42,614 and interest revenue of \$3,989 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 3

The District, on June 1, 2021, renewed a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$235,795. As of June 30, 2025, the value of the lease receivable was \$47,767. The lease is required to make monthly fixed payments of \$4,798 for the next 11 months, then increasing 3.0% per year. The lease had a monthly rental increase of \$1,212 effective as of March 2022 due to additional site rental space. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$43,229 as of June 30, 2025. The District recognized lease revenue of \$49,730 and interest revenue of \$1,497 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 4

The District, on May 1, 2021, commenced a continuous lease for 120 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$430,536. As of June 30, 2025, the value of the lease receivable was \$278,176. The lease is required to make monthly fixed payments of \$3,824 for the remaining 6 months, then increasing 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$254,016 as of June 30, 2025. The District recognized lease revenue of \$39,765 and interest revenue of \$6,359 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental 5

The District, on February 1, 2023, commenced a continuous lease for 60 months as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$198,952. As of June 30, 2025, the value of the lease receivable was \$104,632. The lease is required to make monthly fixed payments of \$3,713 for the remaining 7 months, then increasing 3.0% every year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$102,792 as of June 30, 2025. The District recognized lease revenue of \$39,125 and interest revenue of \$2,875 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Minimum future lease receipts for the next six fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 200,240	\$ 12,301	\$ 212,541
2027	157,920	8,751	166,671
2028	132,333	5,650	137,983
2029	86,337	3,221	89,558
2030	51,541	1,929	53,470
2031	44,918	749	45,667
Total	\$ 673,289	\$ 32,601	\$ 705,890
Current	(200,240)		
Long-term	\$ 473,049		

Changes in the District's deferred inflows of resources related to leases for June 30, 2025 is as follows:

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Cellular antenna site rental 1	\$ 91,293	\$ -	\$ (26,084)	\$ 65,209
Cellular antenna site rental 2	-	218,818	(46,067)	172,751
Cellular antenna site rental 3	90,388	-	(47,159)	43,229
Cellular antenna site rental 4	296,353	-	(42,337)	254,016
Cellular antenna site rental 5	142,582	-	(39,791)	102,791
	<u>\$ 620,616</u>	<u>\$ 218,818</u>	<u>\$ (201,438)</u>	<u>\$ 637,996</u>

Changes in the District's deferred inflows of resources related to leases for June 30, 2024 is as follows:

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2024
Cellular antenna site rental 1	\$ 95,840	\$ 21,537	\$ (26,084)	\$ 91,293
Cellular antenna site rental 2	31,918	-	(31,918)	-
Cellular antenna site rental 3	137,547	-	(47,159)	90,388
Cellular antenna site rental 4	338,689	-	(42,336)	296,353
Cellular antenna site rental 5	182,373	-	(39,791)	142,582
	<u>\$ 786,367</u>	<u>\$ 21,537</u>	<u>\$ (187,288)</u>	<u>\$ 620,616</u>

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2025, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2026	\$ 197,506
2027	154,277
2028	124,656
2029	76,886
2030	42,336
2031	42,335
Total	<u>\$ 637,996</u>

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 5 – INVESTMENTS IN JOINT-VENTURES

The balance at June 30, 2025 consists of the following;

<u>Investments in Joint-Ventures</u>	<u>PBWA</u>	<u>PWR-JWLC</u>	<u>Total</u>
Balance – beginning of year	\$ 22,932,690	\$ 949,365	23,882,055
Change in investment in joint-ventures	11,854	30,568	42,422
Balance – end of year	<u>\$ 22,944,544</u>	<u>\$ 979,933</u>	<u>\$ 23,924,477</u>

Puente Basin Water Agency (PBWA)

The Puente Basin Water Agency (the Agency) was created in 1971 by the execution of a Joint Powers Agreement (the Agreement) between the Rowland Water District and the Walnut Valley Water District. The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The Agency was organized for the purpose of protection and utilization of the local, imported, and reclaimed water supply within the Puente Basin. The Agency is governed by a four-member-appointed Board of Commissioners. Each District appoints two members to this board.

Upon dissolution of the Agency, the assets in the possession of the Agency shall be distributed to the members as their interest may appear on the books of the Agency and pursuant to the provisions of Section 6512 of the California Government Code. Complete financial statements for the Agency can be obtained by written request at 271 South Brea Canyon Road, Walnut, California.

The changes in its investment in Puente Basin Water Agency consist of the following as of June 30, 2025:

<u>Description</u>	<u>June 30, 2025</u>
Balance – beginning of year	\$ 22,932,690
Share of net income	<u>11,854</u>
Balance – end of year	<u>\$ 22,944,544</u>

The following is condensed financial information of the investment in Puente Basin Water Agency as of and for the year ended June 30, 2025, including the participants' approximate percentage shares:

<u>Description</u>	<u>June 30, 2025</u>	<u>District Share 50%</u>
Total assets	<u>\$ 83,427,424</u>	
Total liabilities	\$ 37,538,334	
Total net position	<u>45,889,090</u>	<u>\$ 22,944,545</u>
Total liabilities and net position	<u>\$ 83,427,424</u>	

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 5 – INVESTMENTS IN JOINT-VENTURES (continued)

Pomona-Walnut-Rowland Joint Water Line Commission (PWR-JWLC)

The District is a member of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission). The Commission was formed under the Joint Powers Agreement (the JPA) of 1956 between the City of Pomona, the Walnut Valley Water District (WVWD), and the Rowland Water District (RWD). The JPA's purpose is to acquire, construct, maintain, repair, manage, and operate a water transmission pipeline for the benefit of the members' water supplies. The Commission is governed by a three-member board composed of one appointee from each member agency. Each year, every member agency is charged an assessment for their share of the general and administrative costs of the Commission, which is allocated to each agency on a one-third basis. A budget assessment is collected each fiscal year and each agency pays one-third of the amount of the assessment as well as a capital surcharge for the future replacement of the pipeline. For the year ended June 30, 2025, the District did not remit assessments for their share of general and administrative costs and future replacement costs. Upon dissolution of the Commission, the net position will be divided in proportion to the contribution each agency made to the maintenance and operation account during the last prior 12-month period. The District, consequently, has an ongoing financial responsibility in the activities of the Commission. However, the JPA does not explicitly require the measurement of the District's equity interest in the Commission. Complete financial statements for the Commission can be obtained by written request at P.O. Box 508, Walnut, California.

The changes in its investment in the Commission consisted of the following as of June 30, 2025:

Description	June 30, 2025
Balance – beginning of year	\$ 949,365
Share of net income	30,568
Balance – end of year	<u>\$ 979,933</u>

The following is condensed financial information of the investment in Pomona-Walnut-Rowland Joint Water Line Commission as of and for the year ended June 30, 2025, including the participants' approximate percentage shares:

Description	June 30, 2025	Member Share		
		City of Pomona 25.8%	WVWD 45.1%	RWD 29.1%
Total assets	<u>\$ 8,025,512</u>			
Total liabilities	\$ 4,658,045			
Total net position	3,367,467	<u>\$ 868,806</u>	<u>\$ 1,518,728</u>	<u>\$ 979,933</u>
Total liabilities and net position	<u>\$ 8,025,512</u>			

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	\$ 261,340	\$ 212,513	\$ -	\$ 473,853
Water rights	5,000	-	-	5,000
Construction-in-process	6,585,945	5,185,282	(3,948,074)	7,823,153
Total non-depreciable assets	6,852,285	5,397,795	(3,948,074)	8,302,006
Depreciable assets:				
Sources of supply	2,110,034	-	-	2,110,034
Pumping	11,373,143	172,937	-	11,546,080
Transmission and distribution system	83,993,034	3,570,452	(210,898)	87,352,588
Telemetry equipment	2,586,022	-	-	2,586,022
Office building and equipment	9,249,890	86,640	(43,777)	9,292,753
General plant	1,485,205	137,493	-	1,622,698
Transportation equipment	1,627,473	340,164	(45,966)	1,921,671
Total depreciable assets	112,424,801	4,307,686	(300,641)	116,431,846
Accumulated depreciation:				
Sources of supply	(1,459,377)	(67,018)	-	(1,526,395)
Pumping	(6,229,808)	(450,549)	-	(6,680,357)
Transmission and distribution system	(32,914,906)	(2,449,892)	210,898	(35,153,900)
Telemetry equipment	(1,316,051)	(148,928)	-	(1,464,979)
Office building and equipment	(4,174,397)	(289,977)	43,777	(4,420,597)
General plant	(657,840)	(84,600)	-	(742,440)
Transportation equipment	(1,026,137)	(185,943)	45,966	(1,166,114)
Total accumulated depreciation	(47,778,516)	(3,676,907)	300,641	(51,154,782)
Total depreciable assets, net	64,646,285	630,779	-	65,277,064
Total capital assets, net	\$ 71,498,570	\$ 6,028,574	\$ (3,948,074)	\$ 73,579,070

NOTE 7 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2025, were as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
<u>\$ 409,384</u>	<u>\$ 82,915</u>	<u>\$ 492,299</u>	<u>\$ 123,075</u>	<u>\$ 369,224</u>

As of June 30, 2025, the total liability for compensated absences was \$492,299, of which \$123,075 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – BONDS PAYABLE

Water Revenue Refunding Bonds, Series 2021A were issued on September 7, 2021, in the amount of \$36,170,000 to refund \$16,460,000 of outstanding balance on the 2012 Series A Water Revenue Bonds and to refund \$16,395,000 of outstanding balance on the 2014 Series A Water Revenue Refunding Bonds. The prior obligations were issued to finance certain improvements and to finance a purchase contract. The bonds were issued at par. The refunding of the two debts provided the District with a net present value savings of \$3,926,597 and a cash flow savings of \$4,050,571.

These bonds mature in various amounts through December 1, 2042. Interest is payable semiannually on December 1 and June 1 at rates ranging from 0.317% to 2.863%. The installment payments on these bonds are secured by a first priority lien on the net revenues of the District. The following is a summary of the changes in Water Revenue Refunding Bonds, Series 2021A for the year ended June 30, 2025:

Description	Balance	Additions	Deductions	Balance	Current Portion	Long-term Portion
	July 1, 2024			June 30, 2025		
2021A Series Water Revenue Refunding Bonds	<u>\$ 34,790,000</u>	<u>\$ -</u>	<u>\$ (1,735,000)</u>	<u>\$ 33,055,000</u>	<u>\$ 1,745,000</u>	<u>\$ 31,310,000</u>

Maturities of the Water Revenue Refunding Bonds, Series 2024A and interest payments subsequent to June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,745,000	\$ 706,784	\$ 2,451,784
2027	1,770,000	694,197	2,464,197
2028	1,785,000	677,172	2,462,172
2029	1,820,000	656,599	2,476,599
2030	1,845,000	632,320	2,477,320
2031-2035	9,780,000	2,666,427	12,446,427
2036-2040	11,000,000	1,523,770	12,523,770
2041-2043	<u>3,310,000</u>	<u>271,913</u>	<u>3,581,913</u>
Total	33,055,000	<u>\$ 7,829,182</u>	<u>\$ 40,884,182</u>
Current	<u>(1,745,000)</u>		
Long-term	<u>\$ 31,310,000</u>		

The following is a summary of the changes in deferred amounts related to refunding for the year ended June 30, 2025:

Description	Balance	Additions	Deductions	Balance
	July 1, 2024			June 30, 2025
Deferred amounts related to refunding	<u>\$ 2,970,000</u>	<u>\$ -</u>	<u>\$ (165,000)</u>	<u>\$ 2,805,000</u>

The District will amortize this amount at \$165,000 per year until the fiscal year ended June 30, 2043.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
OPEB related deferred outflows	\$ 196,997
Net other post-employment benefits liability(asset)	(2,578,991)
OPEB related deferred inflows	2,450,006

A. General Information about the OPEB Plan

Plan Description

The District has an agent multiple-employer other post-employment benefit plan that provides medical, dental, and vision coverage to 27 active employees, 10 retired employees, and 7 covered dependents of retirees through the ACWA health program as of the measurement date, June 30, 2024. At retirement, the District provides a contribution for the continuation of these coverage's for eligible retirees. Eligibility for a District contribution requires retirement from the District and under CalPERS on or after age 50 with at least 15 years of continuous service. The District provides 100% of the cost of coverage for the retiree and any covered spouse. Employees hired on or after July 1, 2012, are eligible for a District contribution if retiring from the District and under CalPERS on or after age 62 with at least 15 years of continuous District service. The District provides 100% of the cost of coverage for the retiree only and covered spouse.

An employee may also be eligible for retiree medical, dental, and vision benefits if, at the time of retirement from the District, the employee has at least twenty-five (25) years of service in the water utility industry, has been employed by the District for a minimum continuous period of five (5) years, and has attained a minimum age of fifty (50) years. For purposes of this benefit, "retirement from the District" means the employee's effective retirement date is within 120 days of separation from employment with the District and the employee receive either a service or disability retirement allowance from CalPERS resulting from his or her service to the District.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2024, the measurement period, the District's contributions totaling \$50,041 including an implied subsidy of \$50,041. Payments made during the June 30, 2025 fiscal year end were reimbursed from the OPEB trust.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	
Long-Term Expected	
Rate of Return on Investments	6.50%
Inflation	2.50%
Payroll increases	3.25%
Healthcare Trend Rates	Pre-65 - 6.95% trending down annually to 5.0% by 2029 and later Post-65 - 5% trending down annually to 5.0% by 2029 and later
Morbidity	CalPERS 2021 Study
Mortality	CalPERS 2021 Study
Disability	Not valued
Retirement	2021 CalPERS Public Agency Miscellaneous experience study; 2.5% @ 55 and 2% @ 62
Percent Married	80% of future retirees would enroll a spouse

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
PARS moderate investment policy:		
Equity	30.00%	5.20%
Fixed income	65.50%	1.39%
REITs	2.50%	4.10%
Cash	2.00%	0.10%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.30%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	<u>Increase (Decrease)</u>		
	<u>Total</u>	<u>Plan Fiduciary</u>	<u>Net</u>
	<u>OPEB Liability</u>	<u>Net Position</u>	<u>OPEB Liability</u>
Balance at July 1, 2024 (Measurement date July 1, 2023)	\$ 4,911,601	\$ 6,974,770	\$ (2,063,169)
Changes for the year:			
Service cost	133,442	-	133,442
Interest	310,387	-	310,387
Differences in administrative expenses	-	(1,416)	1,416
Changes in assumption	(135,731)	-	(135,731)
Employer contributions	-	45,811	(45,811)
Net investment income	-	779,525	(779,525)
Benefit payments	(240,219)	(240,219)	-
Net changes	67,879	583,701	(515,822)
Balance at June 30, 2025 (Measurement date June 30, 2024)	\$ 4,979,480	\$ 7,558,471	\$ (2,578,991)

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions

In fiscal year 2023-24, the measurement period, there was an increase in the discount rate from 6.3% to 6.5%.

Change of Benefit Terms

In fiscal year 2023-24, the measurement period, there were no changes to the actuarial assumptions.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current discount rate:

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	<u>\$ (1,786,998)</u>	<u>\$ (2,578,991)</u>	<u>\$ (3,225,418)</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	1% Decrease 5.50%	Healthcare Cost Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	<u>\$ (3,311,469)</u>	<u>\$ (2,578,991)</u>	<u>\$ (1,642,050)</u>

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense/(credit) of (\$316,007). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 50,041	\$ -
Changes in assumptions	-	(912,226)
Differences between expected and actual experience	30,178	(1,537,780)
Differences between projected and actual earnings on OPEB plan investments	116,778	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 196,997</u>	<u>\$ (2,450,006)</u>

ROWLAND WATER DISTRICT*Notes to Financial Statements**June 30, 2025*

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$50,041 as deferred inflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period	Deferred
Fiscal Year Ended June 30	Outflows/(Inflows)
	of Resources
2026	\$ (342,818)
2027	(121,666)
2028	(343,158)
2029	(333,587)
2030	(227,919)
Thereafter	(933,902)
Total	\$ (2,303,050)

At June 30, 2025, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

NOTE 10 – PENSION PLAN**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2025
Pension related deferred outflows	\$ 2,126,236
Net pension liability	2,905,571
Pension related deferred inflows	1,417,795

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	7.750%
Required employer contribution rates – FY 2023	14.130%	7.870%

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2024 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	14	15	29
Transferred and terminated members	13	9	22
Retired members and beneficiaries	22	-	22
Total plan members	49	24	73

All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2025, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Contributions – employer	\$ 439,265	\$ 102,893	\$ 542,158

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	June 30, 2025	June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.060075%	0.062459%	-0.002384%
Percentage of Plan Net Pension Liability	0.060075%	0.025035%	0.035040%

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The District's proportionate share percentage of the net pension liability for the June 30, 2024, measurement date was as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2023 (Measurement Date)	\$ 25,945,264	\$ 22,822,066	\$ 3,123,198
Balance as of June 30, 2024 (Measurement Date)	\$ 27,443,972	\$ 24,538,401	\$ 2,905,571
Change in Plan Net Pension Liability	\$ 1,498,708	\$ 1,716,335	\$ (217,627)

For the year ended June 30, 2024, the District recognized pension expense of \$548,886. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 542,158	\$ -
Difference between actual and proportionate share of employer contributions	935,784	(388,242)
Adjustment due to differences in proportions	155,132	(1,019,751)
Differences between expected and actual experience	251,213	(9,802)
Differences between projected and actual earnings on pension plan investments	167,270	-
Changes in assumptions	74,679	-
Total Deferred Outflows/(Inflows) of Resources	\$ 2,126,236	\$ (1,417,795)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

An amount of \$542,158 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2026	\$ (42,143)
2027	328,598
2028	(62,850)
2029	(57,322)
Total	\$ 166,283

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2024, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

ROWLAND WATER DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

Investment Type¹	New Strategic Allocation	Real Return^{1,2}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate	Current	Discount Rate
	- 1% 5.90%	Discount Rate 6.90%	+ 1% 7.90%
CalPERS – Miscellaneous Plan	\$ 6,608,871	\$ 2,905,571	\$ (142,791)

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 10 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025.

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30, 2025:

Description	June 30, 2025	June 30, 2024
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 8,302,006	\$ 6,852,285
Capital assets, net – being depreciated	65,277,064	64,646,285
Deferred amounts related to refunding of debt	2,805,000	2,970,000
Bonds payable – current portion	(1,745,000)	(1,735,000)
Bonds payable – non-current portion	(31,310,000)	(33,055,000)
Total net investment in capital assets	\$ 43,329,070	\$ 39,678,570

NOTE 12 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 13 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2024 – 401 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2024
Audit dated	March 27, 2025
Statement of financial position:	Sept 30, 2024
Total assets	<u>\$ 308,144,466</u>
Deferred outflows	<u>3,099,110</u>
Total liabilities	<u>177,706,110</u>
Deferred inflows	<u>4,357,741</u>
Net position	<u><u>\$ 129,179,725</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 261,895,930
Total expenses	<u>(253,429,117)</u>
Change in net position	8,466,813
Beginning – net position	<u>120,712,912</u>
Ending – net position	<u><u>\$ 129,179,725</u></u>
F. Member agencies share of year-end financial position	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible.

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 13 – RISK MANAGEMENT POOL (continued)

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2022.

NOTE 14 – RISK DISCLOSURE: CONCENTRATION OF REVENUE SOURCE (GASB STATEMENT NO. 102)

The District is subject to systematic risk due to receiving over 50% of its revenues from water sales. This dependence exposes the District to potential service interruptions or financial impacts in the event of drought conditions, regulatory restrictions, or contamination of the water source. Although the District has contingency plans and infrastructure in place to supplement supply in emergencies, such alternatives may not fully meet demand or could result in significant additional costs.

The District continues to evaluate and implement diversification strategies, including the development of additional groundwater sources, recycled water programs, and rate structure adjustments to mitigate these concentration risks.

In accordance with GASB Statement No. 102, Certain Risk Disclosures, this note serves to disclose the concentration of revenue and associated risks that could significantly impact the District's financial position and results of operations.

ROWLAND WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised. Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of approximately \$2.5 to \$3.0 million to be paid from a combination of State and local funds.

NOTE 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 13, 2026, the date which the financial statements were available to be issued.

Required Supplementary Information

ROWLAND WATER DISTRICT*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2015	0.04441%	\$ 3,309,528	\$ 2,161,937	153.08%	78.38%
June 30, 2016	0.04547%	3,934,518	2,099,673	187.39%	75.20%
June 30, 2017	0.04646%	4,607,714	2,167,973	212.54%	74.47%
June 30, 2018	0.04698%	4,527,220	2,279,335	198.62%	75.80%
June 30, 2019	0.04831%	4,950,633	2,353,585	210.34%	74.70%
June 30, 2020	0.04936%	5,370,506	2,587,427	207.56%	74.08%
June 30, 2021	0.05707%	3,086,430	2,715,233	113.67%	86.19%
June 30, 2022	0.03644%	4,209,131	2,572,145	163.64%	82.03%
June 30, 2023	0.02504%	3,123,198	3,183,868	98.09%	87.96%
June 30, 2024	0.06008%	2,905,571	3,668,985	79.19%	89.41%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%.

From fiscal year June 30, 2023 to June 30, 2024:

There were no significant changes in assumptions.

ROWLAND WATER DISTRICT*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2025***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	\$ 337,455	\$ (337,455)	\$ -	\$ 2,099,673	16.07%
June 30, 2017	371,209	(371,209)	-	2,167,973	17.12%
June 30, 2018	414,273	(414,273)	-	2,279,335	18.18%
June 30, 2019	483,791	(483,791)	-	2,353,585	20.56%
June 30, 2020	570,560	(570,560)	-	2,587,427	22.05%
June 30, 2021	642,042	(642,042)	-	2,715,233	23.65%
June 30, 2022	710,829	(3,072,829)	(2,362,000)	2,572,145	119.47%
June 30, 2023	657,138	(2,095,073)	(1,437,935)	3,183,868	65.80%
June 30, 2024	409,733	(409,733)	-	3,668,985	11.17%
June 30, 2025	542,158	(542,158)	-	3,987,761	13.60%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Market Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Market Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Market Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Market Value	2.30%	6.90%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2%@55 and 2%@60), 52 years (2%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

ROWLAND WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2025

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*						
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:							
Service cost	\$ 133,442	\$ 110,543	\$ 105,279	\$ 152,983	\$ 145,698	\$ 124,022	\$ 99,230
Interest	310,387	425,284	417,637	442,272	417,667	427,189	394,763
Changes of assumptions	(135,731)	(585,641)	-	(168,050)	-	(262,190)	-
Differences between expected and actual experience	-	(1,282,972)	(3,185)	(410,394)	51,531	(253,977)	11,333
Changes of benefit terms	-	-	-	-	-	-	151,163
Benefit payments	(240,219)	(375,809)	(432,067)	(266,776)	(221,224)	(185,776)	(179,152)
Net change in total OPEB liability	67,879	(1,708,595)	87,664	(249,965)	393,672	(150,732)	477,337
Total OPEB liability - beginning	4,911,601	6,620,196	6,532,532	6,782,497	6,388,825	6,539,557	6,062,220
Total OPEB liability - ending	4,979,480	4,911,601	6,620,196	6,532,532	6,782,497	6,388,825	6,539,557
Plan fiduciary net position:							
Contributions - employer	45,811	375,809	432,067	1,686,776	641,224	605,776	599,152
Net investment income	779,525	473,839	(990,225)	1,194,246	166,568	264,426	203,849
Administrative expense	(1,416)	-	-	-	-	-	(10,222)
Benefit payments	(240,219)	(375,809)	(432,067)	(266,776)	(221,224)	(185,776)	(179,152)
Net change in plan fiduciary net position	583,701	473,839	(990,225)	2,614,246	586,568	684,426	613,627
Plan fiduciary net position - beginning	6,974,770	6,500,931	7,491,156	4,876,910	4,290,342	3,605,916	2,992,289
Plan fiduciary net position - ending	7,558,471	6,974,770	6,500,931	7,491,156	4,876,910	4,290,342	3,605,916
District's net OPEB liability	\$ (2,578,991)	\$ (2,063,169)	\$ 119,265	\$ (958,624)	\$ 1,905,587	\$ 2,098,483	\$ 2,933,641
Plan fiduciary net position as a percentage of the total OPEB liability	151.79%	142.01%	98.20%	114.67%	71.90%	67.15%	55.14%
Covered-employee payroll	\$ 3,965,402	\$ 3,341,037	\$ 3,301,898	\$ 3,095,166	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510
District's net OPEB liability as a percentage of covered-employee payroll	-65.04%	-61.75%	3.61%	-30.97%	66.72%	76.90%	128.36%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits

Measurement Date June 30, 2018 – Coverage expanded to spouses for future retirees hired on or after July 1, 2009 if they have 25 years of service, effective fiscal year ending June 30, 2018

Measurement Date June 30, 2019 – There were no changes in benefits

Measurement Date June 30, 2020 – There were no changes in benefits

Measurement Date June 30, 2021 – There were no changes in benefits

Measurement Date June 30, 2022 – There were no changes in benefits

Measurement Date June 30, 2023 – There were no changes in benefits

Measurement Date June 30, 2024 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – Average per capita claims cost was updated to reflect actual 2017 premiums, health care cost trend rate was updated to reflect 2018 industry survey mortality table was updated to reflect most recent CalPERS studies.

Measurement Date June 30, 2018 – There were no changes in benefits

Measurement Date June 30, 2019 – Census data from the plans participants was updated, which decreased the total OPEB liability by \$262,190.

Measurement Date June 30, 2020 – There were no changes in benefits

Measurement Date June 30, 2021 – There were no changes in benefits

Measurement Date June 30, 2022 – There were no changes in benefits

Measurement Date June 30, 2023 – The discount rate was reduced to 6.30% from 6.5% and CalPERS 2021 Experience Study was used for assumptions

Measurement Date June 30, 2024 – There were no changes in benefits

ROWLAND WATER DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2025

Fiscal Year Ended	Last Ten Fiscal Years*						
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarially determined contribution	\$ 50,041	\$ 45,811	\$ 393,663	\$ 296,665	\$ 308,417	\$ 354,481	\$ 343,260
Contributions in relation to the actuarially determined contributions	(50,041)	(45,811)	(375,809)	(1,686,776)	(641,224)	(605,776)	(599,152)
Contribution deficiency (excess)	\$ -	\$ -	\$ 17,854	\$ (1,390,111)	\$ (332,807)	\$ (251,295)	\$ (255,892)
Covered payroll	\$ 3,965,402	\$ 3,341,037	\$ 3,301,898	\$ 3,095,166	\$ 2,856,168	\$ 2,728,686	\$ 2,285,510
Contributions as a percentage of covered payroll	1.26%	1.37%	11.38%	54.50%	22.45%	22.20%	26.22%

Notes to Schedule:

Valuation Date	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:							
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	6.50%	6.30%	6.50%	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	2.26%	2.26%	2.26%	2.26%	2.26%
Payroll increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Mortality	(6)	(6)	(2)	(2)	(2)	(2)	(2)
Morbidity	(6)	(6)	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	80%	80%	80%	80%	80%	80%
Healthcare trend rates	(7)	(7)	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) CalPERS 2014 Study

(3) CalPERS 2013 Study

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) Pre-65 - 8.00% trending down 0.25% annually to 5.00% in 2031 and later
Post-65 - 5.50% trending down 0.25% annually to 5.00% in 2021 and later

(6) CalPERS 2021 Study

(7) Pre-65 - 7.74% trending down to 4.50%

Post-65 - 4.85% trending down to 4.50%

* Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

Supplementary Information

ROWLAND WATER DISTRICT*Schedule of Other Operating Expenses**For the Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Other Operating Expenses:		
Certification, fees and permits	\$ 158,619	\$ 135,545
Engineering	259,261	241,544
Maintenance and operations	83,546	116,407
Small tools and supplies	52,486	42,859
Water tests	<u>27,670</u>	<u>31,742</u>
Total Other Operating Expenses	<u>\$ 581,582</u>	<u>\$ 568,097</u>

ROWLAND WATER DISTRICT*Schedule of General and Administrative Expenses**For the Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
General and Administrative Expenses:		
Salaries and wages	\$ 1,828,337	\$ 1,671,168
Payroll taxes	297,501	282,485
Employee benefits	792,665	751,465
OPEB expenses	(362,363)	(200,638)
Pension expenses	737,608	1,157,117
Director's fees and expenses	159,433	155,068
Bank service charges	309,918	235,476
Community outreach	158,209	121,111
Conferences, training and travel	175,407	162,859
Conservation rebate program	61,256	63,047
Information technology	490,740	492,593
Insurance – liability and workers' compensation	368,317	275,192
Membership fees and dues	59,405	57,053
Miscellaneous	193,923	182,766
Office supplies	30,858	23,022
Professional services	196,340	198,683
Repairs and maintenance	77,343	42,617
Service contracts	414,918	438,635
Taxes, permits and fees	14,582	13,272
Uncollectable accounts	22,928	(22,982)
Utilities	117,910	130,573
Vehicle expenses	155,879	186,675
Total General and Administrative Expenses	<u><u>\$ 6,301,114</u></u>	<u><u>\$ 6,417,257</u></u>

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Rowland Water District
Rowland Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Rowland Water District (District), which comprise the balance sheet as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 13, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
January 13, 2026



DIRECTOR REIMBURSEMENTS

December 2025 Board of Director Meetings and Activities

Director	Date of Meeting/Event	Meeting/Event Attended	Reimbursement	No Charge	Additional Comments (Submit expense report if claiming mileage and/or meal reimbursement)
Anthony J. Lima					
	12/11/2025	PBWA	\$230.00		
	12/17/2025	TVMWD Board Meeting (Zoom)	\$230.00		
	12/19/2025	RWD Employee Event		X	
		TOTAL PAYMENT	\$460.00		
John Bellah					
	11/30/2025	ACWA Fall Conference (Travel)	\$230.00		Car Rental
	12/1/2025	ACWA Fall Conference	\$230.00		
	12/2/2025	ACWA Fall Conference	\$230.00		
	12/3/2025	ACWA Fall Conference	\$230.00		
	12/4/2025	ACWA Fall Conference	\$230.00		
	12/8/2025	RHCCC	\$230.00		
	12/9/2025	RWD Board Meeting	\$230.00		
	12/17/2025	TVMWD Board Meeting	\$230.00		
		TOTAL PAYMENT	\$1,840.00		
Robert W. Lewis					
	12/2/2025	ACWA Fall Conference	\$230.00		Mileage
	12/3/2025	ACWA Fall Conference	\$230.00		
	12/4/2025	ACWA Fall Conference	\$230.00		Mileage
	12/9/2025	RWD Board Meeting	\$230.00		
	12/10/2025	LAFCO		X	
	12/11/2025	PBWA	\$230.00		
	12/19/2025	RWD Employee Event		X	
		TOTAL PAYMENT	\$1,150.00		
Szu Pei Lu-Yang					
	12/9/2025	RWD Regular Board Meeting	\$230.00		
		TOTAL PAYMENT	\$230.00		
Vanessa Hsu					
	11/30/2025	ACWA Fall Conference (Travel)	\$230.00		
	12/1/2025	ACWA Fall Conference	\$230.00		
	12/2/2025	ACWA Fall Conference	\$230.00		
	12/3/2025	ACWA Fall Conference	\$230.00		
	12/4/2025	ACWA Fall Conference	\$230.00		Meal
	12/9/2025	RWD Board Meeting	\$230.00		
		TOTAL PAYMENT	\$1,380.00		

APPROVED FOR PAYMENT:

Tom Coleman

January 13, 2026



ITEM NO. 3.3

ROWLAND WATER DISTRICT

TO: Honorable President and Members of the Board

SUBMITTED BY: Tom Coleman, General Manager

SUBJECT: **Proposed Annexation of Territory and CEQA Exemption**

Purpose:

The proposed annexation of portions of Hambledon Avenue and Valley Boulevard ("Project") into the Rowland Water District does not qualify as a "project" subject to substantive review under California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15378. The proposed Project does not have the potential to cause either a direct or reasonably foreseeable indirect physical change to the environment. The annexation formalizes the inclusion of approximately 1.638 acres of land into Rowland Water District's service area, which the District already serves. No construction or improvements are proposed as part of this action. Therefore, there is no potential for a physical environmental impact to occur.

However, even if the proposed Project were to be considered a "project" under CEQA, it would be categorically exempt from further environmental review pursuant to State CEQA Guidelines Section 15305, Minor Alterations in Land Use Limitations (Class 5). Class 5 exemptions apply to projects that consist of minor alterations in land use limitations in areas with an average slope of less than 20% and do not result in any changes in land use or density. Examples include, but are not limited to, minor lot line adjustments that do not result in the creation of any new parcels. Here, the proposed annexation involves the inclusion of a 60 foot wide portion of Hambledon Avenue and a 91 foot wide portion of Valley Boulevard, thereby adding 71,342 square feet into Rowland Water District's service area. The minor lot line adjustment is located in an area with an average slope less than 20% and does not result in any changes to land use or density. The minor lot line adjustment will not result in the creation of any new parcels. For the aforementioned reasons, the Project is exempt from CEQA review.

The Project has been evaluated against the exceptions outlined in State CEQA Guidelines Section 15300.2. The Project does not fall under any exception based on the lack of historical, archaeological, and scenic resources within the Project area, and that no hazardous waste sites are located in the vicinity of the Project, and no cumulative or significant effects are anticipated to occur as a result of Project implementation. Thus, Project has been determined not to have a potential to cause significant adverse environmental effects.

For all of the foregoing reasons, the Project is categorically exempt from CEQA.

Recommendation:

Staff recommends that the Board of Directors approve that this project is categorically exempt from CEQA and authorize the General Manager to take such official action as may be reasonably necessary to carry out the proposed actions of the annexation of Hambledon Avenue and Valley Boulevard as outlined in the attached Exhibits A and B.

Attachments:

1. Legal Description Exhibit A
2. Map Exhibit B

EXHIBIT "A"
LEGAL DESCRIPTION
 PROPOSED ANNEXATION AREA

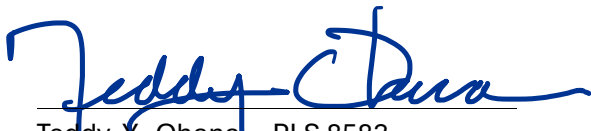
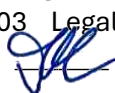
THOSE PORTIONS OF HAMBLEDON AVENUE, 60.00 FEET WIDE, AND VALLEY BOULEVARD, 91.00 FEET WIDE, AS SHOWN ON PARCEL MAP NO. 223, IN THE CITY OF INDUSTRY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, FILED IN BOOK 173 PAGES 11 THROUGH 12 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWESTERLY CORNER OF PARCEL 3 OF SAID PARCEL MAP NO. 223, SAID POINT ALSO BEING ON THE EASTERLY RIGHT-OF-WAY LINE OF SAID HAMBLEDON AVENUE; THENCE ALONG THE PROLONGATION OF THE NORTHERLY LINE OF SAID PARCEL 3, NORTH 79°10'08" WEST, 60.32 FEET TO A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF SAID HAMBLEDON AVENUE; THENCE SOUTHERLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE, SOUTH 04°56'55" WEST, 690.81 FEET TO A POINT ON THE CENTERLINE OF SAID VALLEY BOULEVARD, AS SHOWN AS THE CONSTRUCTION CENTERLINE ON SAID PARCEL MAP, SAID CENTERLINE ALSO BEING THE SOUTHERLY LINE OF THE 48.00 FOOT RIGHT-OF-WAY HALF-WIDTH OF VALLEY BOULEVARD; THENCE EASTERLY ALONG SAID CONSTRUCTION CENTERLINE, SOUTH 79°12'10" EAST, 680.92 FEET TO ITS INTERSECT WITH THE SOUTHERLY PROLONGATION OF THE EASTERLY LINE OF PARCEL 4 OF SAID PARCEL MAP; THENCE NORTHERLY ALONG SAID SOUTHERLY PROLONGATION, NORTH 04°27'04" EAST, 48.25 FEET TO THE SOUTHEASTERLY CORNER OF SAID PARCEL 4, SAID POINT ALSO BEING ON THE NORTHERLY RIGHT-OF-WAY LINE OF VALLEY BOULEVARD AS SHOWN ON SAID PARCEL MAP; THENCE WESTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, NORTH 79°12'10" WEST, 598.04 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 25.00 FEET; THENCE WESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 84°09'05" AN ARC DISTANCE OF 36.72 FEET, TO A POINT OF TANGENCY WITH THE EASTERLY RIGHT-OF-WAY LINE OF SAID HAMBLEDON AVENUE; THENCE NORTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE, NORTH 04°56'55" EAST, 619.95 FEET TO **THE POINT OF BEGINNING**.

CONTAINING: 71,342 SQUARE FEET OR 1.638 ACRES, MORE OR LESS.

SUBJECT TO: EASEMENTS, COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS, RIGHTS, RIGHTS-OF-WAY, AND OTHER MATTERS OF RECORDS, IF ANY.

EXHIBIT "B": ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF.


 Teddy Y. Ohana, PLS 8583
 CNC Engineering
 Job No. 25-003 Legal No. 1058
 Checked by:  September 15, 2025

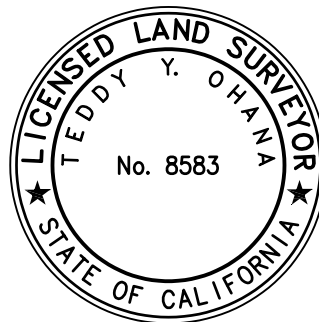
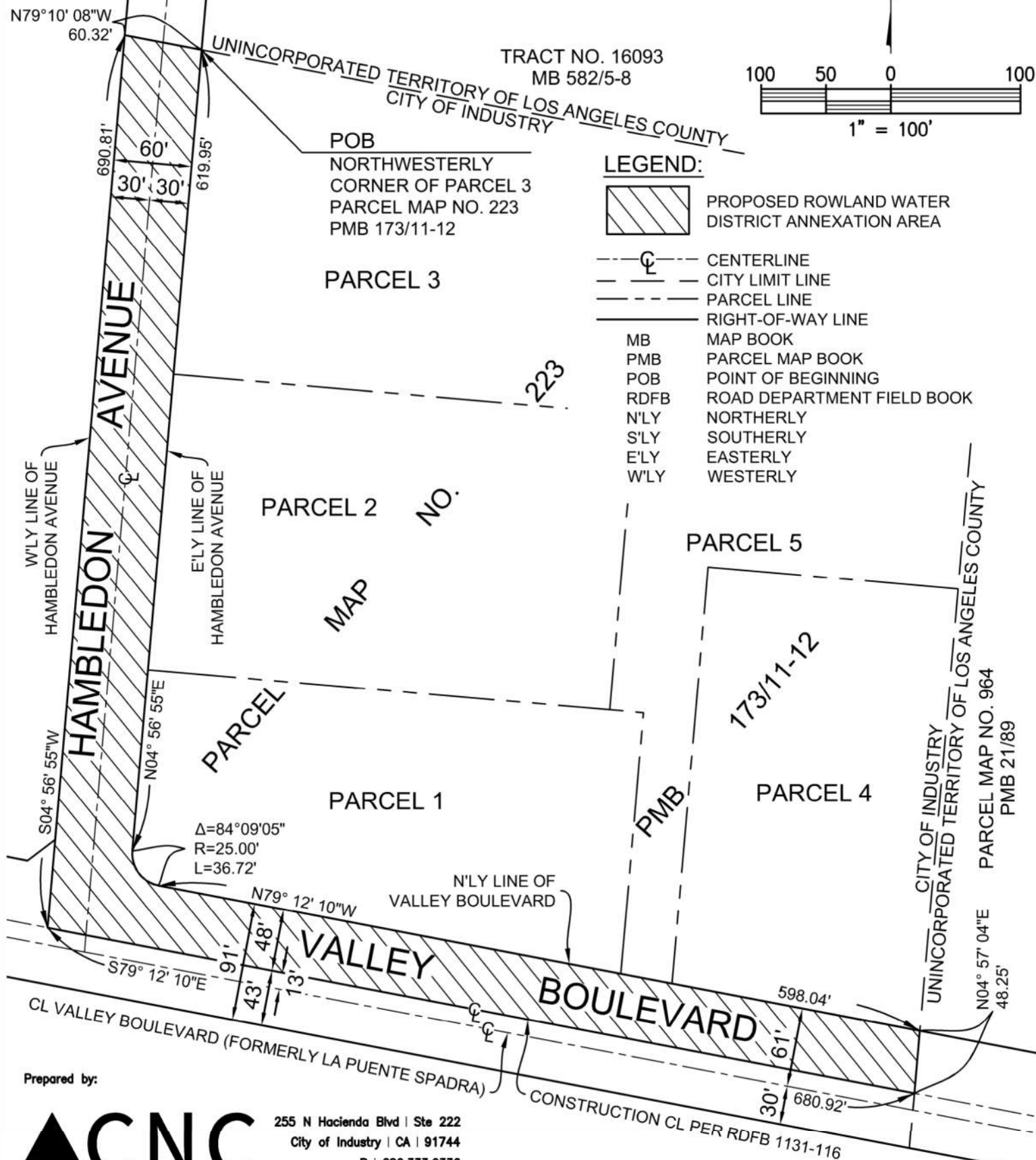


EXHIBIT "B"

ANNEXATION AREA EXHIBIT TO ACCOMPANY LEGAL DESCRIPTION



Prepared by:



255 N Hacienda Blvd | Ste 222
City of Industry | CA | 91744
P | 626.333.0336
www.cnc-eng.com

Legal No. 1058



IRS sets 2026 business standard mileage rate at 72.5 cents per mile, up 2.5 cents

IR-2025-128, Dec. 29, 2025

WASHINGTON — The Internal Revenue Service today announced that the optional standard mileage rate for business use of automobiles will increase by 2.5 cents in 2026, while the mileage rate for vehicles used for medical purposes will decrease by half a cent, reflecting updated cost data and annual inflation adjustments.

Optional standard mileage rates are used to calculate the deductible costs of operating vehicles for business, charitable, and medical purposes. Additionally, the optional standard mileage rate may be used to calculate the deductible costs of operating vehicles for moving purposes for certain active-duty members of the Armed Forces, and now, under the One, Big, Beautiful Bill, certain members of the intelligence community.

Beginning Jan. 1, 2026, the standard mileage rates for the use of a car, van, pickup or panel truck will be:

- 72.5 cents per mile [driven for business use](#), up 2.5 cents from 2025.
- 20.5 cents per mile driven for medical purposes, down a half cent from 2025.
- 20.5 cents per mile driven for moving purposes for certain active-duty members of the Armed Forces (and now certain members of the intelligence community), reduced by a half cent from last year.
- 14 cents per mile driven in service of charitable organizations, equal to the rate in 2025.

The rates apply to fully-electric and hybrid automobiles, as well as gasoline and diesel-powered vehicles.

While the mileage rate for charitable use is set by statute, the mileage rate for business use is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes, meanwhile, is based on only the variable costs from the annual study.

Under the law, taxpayers cannot claim a miscellaneous itemized deduction for unreimbursed employee travel expenses, except for certain educator expenses. However, deductions for expenses that are deductible in determining adjusted gross income remain allowable, such as for certain members of a reserve component of the Armed Forces, certain state and local government officials, certain performing artists, and eligible educators. Alternatively, eligible educators may claim an itemized deduction for certain unreimbursed employee travel


expenses. In addition, only taxpayers who are members of the military on active duty or certain members of the intelligence community may claim a deduction for moving expenses incurred while relocating under orders to a permanent change of station.

Use of the standard mileage rates is optional. Taxpayers may instead choose to calculate the actual costs of using their vehicle.

Taxpayers using the standard mileage rate for a vehicle they own and use for business must choose to use the rate in the first year the automobile is available for business use. Then, in later years, they can choose to use the standard mileage rate or actual expenses.

For a leased vehicle, taxpayers using the standard mileage rate must employ that method for the entire lease period, including renewals.

[Notice-2026-10](#) [PDF](#) contains the optional 2026 standard mileage rates, as well as the maximum automobile cost used to calculate mileage reimbursement allowances under a fixed-and variable rate plan. The notice also provides the maximum fair market value of employer-provided automobiles first made available to employees for personal use in 2026 for which employers may calculate mileage allowances using a cents-per-mile valuation rule or the fleet-average-valuation rule.

 *News items may not be updated after their release. Please verify the date before relying on the language.*

**PUENTE BASIN WATER AGENCY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2025
(With Comparative Amounts as of June 30, 2024)**

NIGRO & NIGRO^{PC}

PUENTE BASIN WATER AGENCY

For the Fiscal Year Ended June 30, 2025

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Puente Basin Water Agency
Walnut, California

Opinion

We have audited the accompanying financial statements of the Puente Basin Water Agency (Agency), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2025, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 11, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Murrieta, California
December 11, 2025

PUENTE BASIN WATER AGENCY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

Management's Discussion and Analysis (MD&A) offers readers of Puente Basin Water Agency's financial statements a narrative overview of the Agency's financial activities for the year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2025, the Agency's net position increased 0.05%, or \$23,708 from the prior year's net position of \$45,865,381 to \$45,889,089, as a result of the year's operations.
- In fiscal year 2025, operating revenues increased 4.30%, or \$605,837 from \$14,087,691 to \$14,693,529, from the prior year, primarily due to increases in sale of water to member agencies.
- In fiscal year 2025, operating expenses before depreciation expense increased by 5.49% or \$792,548 from \$14,446,849 to \$15,239,397, from the prior year, primarily due to increases in water supply expenses.
- Beginning in July 2014, in order to account for the costs and benefits of water produced from the water reliability projects, which are funded jointly by the Walnut Valley Water District (WVWD) and the Rowland Water District (RWD), imported water purchased from Three Valleys Municipal Water District (TVMWD) was invoiced through the Agency. For fiscal year 2025, the total of these pass-through costs were reflected in both the revenues amounting to \$12,986,398 and expenses amounting to \$12,984,338 of the Agency.
- Operating expenses including depreciation for the year totaled \$15,668,682 for the year, these costs include the pass-through water costs from TVMWD.
- The La Habra Heights water reliability project produced no water for the year. Although no water was produced, internal costs of \$2,805 were incurred related to the maintenance and management of the project facilities.
- During the year, the Cal Domestic water reliability project produced 1,344 acre-feet of water. The costs related to the production of water totaled \$1,887,179 for the year. These costs included the use of stored water in the amount of \$798,892, that was purchased and paid for in prior years.
- In 2025, the Agency recorded an additional \$499,114 in construction costs related to the Pomona Basin project which is currently being constructed. These construction costs are reflected in the Agency's construction-in-process account. As of June 30, 2025, the ending balance of the Pomona Basin project totaled \$10,975,385.
- In 2018, the Agency entered a 20-year lease with the City of La Verne for land and a well site, which was recorded as a capital lease. As of June 30, 2025, the value of the lease liability is recorded at the value of the future minimum lease payments in the amount of \$1,452,258.

PUENTE BASIN WATER AGENCY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the Agency's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE AGENCY

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Agency in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's net position and changes in them. You can think of the Agency's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

PUENTE BASIN WATER AGENCY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Condensed Balance Sheets

	June 30, 2025	June 30, 2024	Change
Assets:			
Current assets	\$ 18,400,710	\$ 18,760,952	\$ (360,242)
Non-current assets	33,182,331	33,266,792	(84,461)
Capital assets, net	<u>31,844,382</u>	<u>31,774,553</u>	<u>69,829</u>
Total assets	<u>\$ 83,427,423</u>	<u>\$ 83,802,297</u>	<u>\$ (374,874)</u>
Liabilities:			
Current liabilities	\$ 3,398,745	\$ 3,154,865	\$ 243,880
Non-current liabilities	<u>34,139,589</u>	<u>34,782,051</u>	<u>(642,462)</u>
Total liabilities	<u>37,538,334</u>	<u>37,936,916</u>	<u>(398,582)</u>
Net position:			
Net investment in capital assets	30,329,123	30,202,218	126,905
Unrestricted	<u>15,559,966</u>	<u>15,663,163</u>	<u>(103,197)</u>
Total net position	<u>45,889,089</u>	<u>45,865,381</u>	<u>23,708</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 83,427,423</u>	<u>\$ 83,802,297</u>	<u>\$ (374,874)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$45,889,090 as of June 30, 2025.

By far, the largest component of net position is the Agency's net investment in capital assets. As of June 30, 2025, net investment in capital assets increased by \$126,905 from the prior year. This increase was due primarily to the recognition of capital costs, attributable to the water supply reliability projects. As of June 30, 2025, the balance in construction-in-process amounted to \$10,975,385.

In 2025, the Agency issued \$30,740,000 of Series 2024A Water Revenue Bonds related to capital facilities of WVWD with an additional \$2,526,792 recorded as bond premium. In accordance with the installment purchase agreement, WVWD is obligated to pay the interest and principal payments related to the bonds and the premium. To account for the debt and installment purchase agreement, a liability and corresponding asset was recorded. As of June 30, 2025, the balance of the installment purchase receivable and related liability was \$32,687,331. The Series 2024A Water Revenue Bonds are reported in the fiscal year ending June 30, 2025 financial statements of WVWD.

PUENTE BASIN WATER AGENCY*Management's Discussion and Analysis (Unaudited)**For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)***FINANCIAL ANALYSIS OF THE AGENCY (continued)****Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
Operating revenues	\$ 14,693,528	\$ 14,087,691	\$ 605,837
Operating expenses	<u>(15,239,397)</u>	<u>(14,446,849)</u>	<u>(792,548)</u>
Operating loss before depreciation	<u>(545,869)</u>	<u>(359,158)</u>	<u>(186,711)</u>
Depreciation expense	<u>(429,285)</u>	<u>(429,285)</u>	<u>-</u>
Operating loss	<u>(975,154)</u>	<u>(788,443)</u>	<u>(186,711)</u>
Non-operating revenues(expenses), net	<u>(47,452)</u>	<u>(49,124)</u>	<u>1,672</u>
Change in net position before capital	<u>(1,022,606)</u>	<u>(837,567)</u>	<u>(185,039)</u>
Capital contributions:			
Contributed capital – other	<u>1,046,314</u>	<u>2,103,627</u>	<u>(1,057,313)</u>
Change in net position	<u>23,708</u>	<u>1,266,060</u>	<u>(1,242,352)</u>
Net position:			
Beginning of year	<u>45,865,381</u>	<u>44,599,321</u>	<u>1,266,060</u>
End of year	<u>\$ 45,889,089</u>	<u>\$ 45,865,381</u>	<u>\$ 23,708</u>

The statement of revenues, expenses and changes in net position shows how the Agency's net position changed during the fiscal years. In the case of the Agency, the Agency's net position increased 0.05%, or \$23,708 from the prior year's net position of \$45,865,381 to \$45,889,089, as a result of the year's operations.

Total Revenues

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Sale of water to member agencies – TVMWD	\$ 12,986,398	\$ 12,539,526	\$ 446,872
Sale of water to member agencies – Project	1,219,883	1,015,535	204,348
Member assessments	316,742	330,505	(13,763)
Water leases	123,125	123,125	-
Other water service charges	<u>47,380</u>	<u>79,000</u>	<u>(31,620)</u>
Total operating revenues	<u>14,693,528</u>	<u>14,087,691</u>	<u>605,837</u>
Non-operating revenues:			
Investment earnings	14,010	13,922	88
Contributed capital	<u>1,046,314</u>	<u>2,103,627</u>	<u>(1,057,313)</u>
Total non-operating revenues	<u>1,060,324</u>	<u>2,117,549</u>	<u>(1,057,225)</u>
Total revenues	<u>\$ 15,753,852</u>	<u>\$ 16,205,240</u>	<u>\$ (451,388)</u>

PUENTE BASIN WATER AGENCY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Total Revenues (continued)

In fiscal year 2025, operating revenues increased 4.30%, or \$605,837 from \$14,087,691 to \$14,693,528, from the prior year, primarily due to increases in sale of water to member agencies. Also, non-operating revenues decreased by 49.93%, or \$1,057,225, from \$2,117,549 to \$1,046,314 due to the decrease in contributed capital revenue.

The largest source of revenue for the year is member payments for water purchased from TVMWD. Beginning in 2014, water purchased by WVWD and RWD from TVMWD is invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD are invoiced through the Agency. For the year, revenues collected for water purchased from TVMWD totaled \$12,986,398, an increase of \$446,872 from prior year. In addition, the Cal Domestic project produced 1,344 acre-feet of water during the year. The total costs related to the production of this water source totaled \$1,887,179, an increase of \$394,655 from prior year. Member assessments vary from year to year and represent payments received from the Districts to cover the other general and administrative costs incurred by the Agency. For the year, member assessments totaled \$316,742, a decrease of \$13,763 over the prior year.

Capital contributions for the year totaled \$1,046,314, a decrease of \$1,057,313 from prior year, which was primarily due to decreases in capital contributions from member agencies for alternative water supply projects.

Total Expenses

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Water supply – TVMWD	\$ 12,984,338	\$ 12,537,466	\$ 446,872
Water supply – Project	1,893,514	1,497,818	395,696
Professional services	255,560	320,738	(65,178)
Other operating	105,985	90,827	15,158
Total operating expenses	<u>15,239,397</u>	<u>14,446,849</u>	<u>792,548</u>
Depreciation expense	<u>429,285</u>	<u>429,285</u>	<u>-</u>
Non-operating expenses:			
Interest expense	<u>61,462</u>	<u>63,046</u>	<u>(1,584)</u>
Total non-operating expenses	<u>61,462</u>	<u>63,046</u>	<u>(1,584)</u>
Total expenses	<u>\$ 15,730,144</u>	<u>\$ 14,939,180</u>	<u>\$ 790,964</u>

In fiscal year 2025, operating expenses before depreciation expense increased by 5.49% or \$792,548 from \$14,446,849 to \$15,239,397, from the prior year, primarily due to increases in water supply expense.

PUENTE BASIN WATER AGENCY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Capital Assets

	Balance	Balance
Capital assets:	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Non-depreciable assets	\$ 21,378,339	\$ 20,879,225
Depreciable assets	13,854,616	13,854,616
Accumulated depreciation	<u>(3,388,573)</u>	<u>(2,959,288)</u>
Total capital assets, net	<u>\$ 31,844,382</u>	<u>\$ 31,774,553</u>

At the end of year 2025, the Agency's investment in capital assets amounted to \$31,844,382 (net of accumulated depreciation), respectively. See Note 3 for further information.

Debt Administration

The long-term debt of the Agency is summarized below:

	Balance	Balance
Long-term debt:	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Bonds payable	\$ 32,750,332	\$ 33,323,868
Capital lease payable	<u>1,515,259</u>	<u>1,572,335</u>
	<u>\$ 34,265,591</u>	<u>\$ 34,896,203</u>

Long-term debt decreased during the 2025 fiscal year. See Note 4 and 5 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

PUENTE BASIN WATER AGENCY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE AGENCY (continued)

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any conditions which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's present users, including funding sources, customers, stakeholders, and other interested parties with a general overview of the Agency's finances and to demonstrate the Agency's accountability with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Treasurer, Myra Malner, 3021 Fullerton Road, Rowland Heights, California, 91748 or (562) 697-1726.

PUENTE BASIN WATER AGENCY*Balance Sheets**June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 568,648	\$ 460,682
Accrued interest receivable	123,974	106,465
Accounts receivable	2,763,131	2,997,156
Grant receivable	278,029	278,029
Water -in-storage inventory	14,666,928	14,918,620
Total current assets	18,400,710	18,760,952
Non-current assets:		
Installment purchase receivable (Note 3)	33,182,331	33,266,792
Capital assets – not being depreciated and amortized (Note 4)	21,378,339	20,879,225
Capital assets – being depreciated and amortized, net (Note 4)	10,466,043	10,895,328
Total non-current assets	65,026,713	65,041,345
Total assets	\$ 83,427,423	\$ 83,802,297
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,719,877	\$ 2,994,381
Accrued interest payable	120,867	103,408
Long-term liabilities – due within one year:		
Bond payable (Note 5)	495,000	-
Right-to-use lease payable (Note 6)	63,001	57,076
Total current liabilities	3,398,745	3,154,865
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Bond payable (Note 5)	32,687,331	33,266,792
Right-to-use lease payable (Note 6)	1,452,258	1,515,259
Total non-current liabilities	34,139,589	34,782,051
Total liabilities	37,538,334	37,936,916
Net position:		
Net investment in capital assets (Note 7)	30,329,123	30,202,218
Unrestricted	15,559,966	15,663,163
Total net position	45,889,089	45,865,381
Total liabilities, deferred inflows of resources and net position	\$ 83,427,423	\$ 83,802,297

PUENTE BASIN WATER AGENCY*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Operating revenues:		
Sale of water to member agencies –TVMWD	\$ 12,986,398	\$ 12,539,526
Sale of water to member agencies –Project	1,219,883	1,015,535
Member assessments	316,742	330,505
Water leases	123,125	123,125
Other water service charges	47,380	79,000
Total operating revenues	<u>14,693,528</u>	<u>14,087,691</u>
Operating expenses:		
Water supply –TVMWD	12,984,338	12,537,466
Water supply –Project	1,893,514	1,497,818
Professional services	255,560	320,738
Other operating	105,985	90,827
Total operating expenses	<u>15,239,397</u>	<u>14,446,849</u>
Operating loss before depreciation and amortization	<u>(545,869)</u>	<u>(359,158)</u>
Depreciation and amortization expense	<u>(429,285)</u>	<u>(429,285)</u>
Operating loss	<u>(975,154)</u>	<u>(788,443)</u>
Non-operating revenues(expenses):		
Investment earnings	14,010	13,922
Interest expense	<u>(61,462)</u>	<u>(63,046)</u>
Total non-operating revenues(expenses), net	<u>(47,452)</u>	<u>(49,124)</u>
Change in net position before capital contributions	<u>(1,022,606)</u>	<u>(837,567)</u>
Capital contributions:		
Capital contributions –member agency assessments	499,114	1,560,627
Contributions - stored water purchases from member agencies	547,200	543,000
Total capital contributions	<u>1,046,314</u>	<u>2,103,627</u>
Change in net position	<u>23,708</u>	<u>1,266,060</u>
Net position:		
Beginning of year	<u>45,865,381</u>	<u>44,599,321</u>
End of year	<u>\$ 45,889,089</u>	<u>\$ 45,865,381</u>

PUENTE BASIN WATER AGENCY*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash receipts for water sales and assessments	\$ 14,927,553	\$ 13,682,193
Cash paid to vendors and suppliers for materials and services	<u>(15,262,209)</u>	<u>(14,017,967)</u>
Net cash used in operating activities	<u>(334,656)</u>	<u>(335,774)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(499,114)	(1,560,527)
Capital contributions	1,046,314	2,103,627
Issuance of installment purchase receivable	-	(33,266,792)
Issuance of long-term debt	-	33,266,792
Principal paid on debt	(57,076)	(51,484)
Interest paid on debt	<u>(61,462)</u>	<u>(63,046)</u>
Net cash provided by capital and related financing activities	<u>428,662</u>	<u>428,570</u>
Cash flows from investing activities:		
Investment earnings	<u>13,960</u>	<u>12,914</u>
Net cash provided by (used in) investing activities	<u>13,960</u>	<u>12,914</u>
Net increase in cash and cash equivalents	107,966	105,710
Cash and cash equivalents:		
Beginning of year	<u>460,682</u>	<u>354,972</u>
End of year	<u>\$ 568,648</u>	<u>\$ 460,682</u>

PUENTE BASIN WATER AGENCY*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>\$ (975,154)</u>	<u>\$ (788,443)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	429,285	429,285
Change in assets – (increase)decrease:		
Accounts receivable	234,025	(405,498)
Inventory – water-in-storage	251,692	59,111
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	<u>(274,504)</u>	<u>369,771</u>
Total adjustments	<u>640,498</u>	<u>452,669</u>
Net cash used in operating activities	<u><u>\$ (334,656)</u></u>	<u><u>\$ (335,774)</u></u>

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Puente Basin Water Agency (the Agency) was created April 1, 1971, by the execution of a Joint Powers Agreement between Rowland Water District (RWD) and Walnut Valley Water District (WVWD). The Agreement was made pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Agency's purpose is to achieve a sustainable and reliable local water supply through innovative planning and the development of regionally beneficial projects. The Agency was organized for the purpose of protection and utilization of the local, imported, and reclaimed water supply within the Puente Basin. The Agency is governed by an appointed Board of Commissioners consisting of four members.

B. Basis of Presentation, Basis of Accounting

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs (including depreciation) of providing water to its member agencies on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the Agency. The Agency reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the Agency as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the Agency. All other expenses are reported as non-operating expenses.

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the Agency categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Agency has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Agency's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Account Receivables and Allowance for Doubtful Accounts

The Agency extended credit to customers in the normal course of operations. When management deems customer accounts uncollectable, the Agency uses the allowance method for the reservation and write-off those accounts. As of June 30, 2025, there is no allowance for uncollectable accounts as management believes all accounts will be collected.

4. Prepaid expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Water in Storage Inventory

Water-in-storage inventory consists of water purchased, contributed, and held in storage with the Main San Gabriel Basin Watermaster, which administers the Main San Gabriel Basin Judgment under which such storage is authorized.

In 2025, the Agency received 600 acre-feet of water from Rowland Water District and Walnut Valey Water District and is held in storage with the Main San Gabriel Basin Watermaster. As of June 30, 2025, the Agency had a total of 22,551 acre-feet of water -in- storage value using an average cost of \$650 per acre-foot.

6. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of the donation. Capital assets received in service concession arrangements are reported at acquisition value. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight- line basis over the estimated useful lives of the assets as follows:

Description	Estimated Lives
Water mains	60 years
Pipeline and improvements	20 years

7. Right-To-Use Leased Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The Agency has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the Agency is required to recognize a lease liability(payable) and an intangible right-to-use leased asset. At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable

8. Unearned Revenue

Unearned revenue consists of cash received prior to services being performed. A liability will be recognized on the financial statements until the services are rendered and completed.

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** – This component consists of assets that have restriction placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributions, or laws and regulations of the other governments, or constraints imposed by law through enabling legislation.
- **Unrestricted net position** - This component consists of the net amount of assets, deferred outflow of resources, liabilities and deferred inflow or resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

10. Water Sales and Services

Water sales are billed on a monthly cyclical basis and recognize the respective revenue when they are earned.

11. Capital Contribution

Capital contributions represent cash contributed to the Agency by member agencies and by the State.

12. Budgetary Policies

The Agency adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Reclassifications

Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2025</u>
Cash and cash equivalents	<u>\$ 568,648</u>
Total cash and cash equivalents	<u>\$ 568,648</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2025</u>
Demand deposits held with financial institutions	284,718
Local Agency Investment Fund (LAIF)	<u>283,930</u>
Total cash and cash equivalents	<u>\$ 568,648</u>

Demand Deposits with Financial Institutions

At June 30, 2025, the carrying amount of the Agency's demand deposits were \$284,718 and the financial institution's balances were \$284,994. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the Agency's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the Agency will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties, and special Agency to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff.

Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF) (continued)

The Agency is a voluntary participant in LAIF. The fair value of the Agency's investment in this pool is reported at an amount based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the Agency considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the Agency held \$283,930 in LAIF.

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5-years	None	None
U.S. Treasury Obligations	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
U.S. Agency Obligation	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	None
Collateralized Bank Deposits	5-years	None	None
Corporate debt - Short and Long Term	5-years	None	None
Commercial Paper - Pooled Funds	270 days	40%	None
Commercial Paper - Non Pooled Funds	270 days	25%	None
Repurchase agreement	1-years	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The Agency's investment policy contains various limitations on the amounts that can be invested in any one governmental issuer as stipulated by the California Government Code. As of June 30, 2025, and 2024, the Agency's deposit portfolio with government sponsored agency, LAIF, is 50% and 59% respectively, of the Agency's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represents 5% or more of the Agency's total investment.

Fair Value Measurements

The Agency categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the Agency's investments were assigned a Level 2 input on the Investment Table.

NOTE 3 – INSTALLMENT PURCHASE RECEIVABLE

In fiscal year 2024, the Agency entered into an Installment Purchase Contracts with Walnut Valley Water District (WVWD) related to the issuing of Bonds. WVWD received the proceeds of the Bonds and is required to make semi-annual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semi-annual basis by the Agency to the holders of the Bonds. Please see note 5 for further detail.

PUENTE BASIN WATER AGENCY*Notes to Financial Statements**June 30, 2025***NOTE 4 – CAPITAL ASSETS AND DEPRECIATION**

Changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable assets:				
Water rights	\$ 10,402,954	\$ -	\$ -	\$ 10,402,954
Construction-in-process	10,476,271	499,114	-	10,975,385
Total non-depreciable assets	20,879,225	499,114	-	21,378,339
Depreciable assets:				
Right-to-use leased asset	1,841,213	-	-	1,841,213
Pumping plant and equipment	12,013,403	-	-	12,013,403
Total depreciable and amortizable assets	13,854,616	-	-	13,854,616
Accumulated depreciation/amortization:				
Right-to-use leased asset	(559,727)	(88,378)	-	(648,105)
Pumping plant and equipment	(2,399,561)	(340,907)	-	(2,740,468)
Total accumulated depreciation and amortization	(2,959,288)	(429,285)	-	(3,388,573)
Total depreciable and amortizable assets, net	10,895,328	(429,285)	-	10,466,043
Total capital assets, net	\$ 31,774,553	\$ 69,829	\$ -	\$ 31,844,382

NOTE 5 – BOND PAYABLE

Changes in bond payable for the year ended June 30, 2025, are as follows:

Description	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Current Portion	Long-term Portion
2024A Series Water Revenue Bonds:						
WVWD – Principal	\$ 30,740,000	\$ -	\$ -	\$ 30,740,000	\$ 495,000	\$ 30,245,000
WVWD – Bond Premium	2,526,792	-	(84,461)	2,442,331	-	2,442,331
	\$ 33,266,792	\$ -	\$ (84,461)	\$ 33,182,331	\$ 495,000	\$ 32,687,331

On June 1, 2024, the Agency issued \$30,740,000 of Series 2024A Water Revenue Bonds. The Bonds will be used to finance certain capital facilities of Walnut Valley Water District (WVWD), a member agency. WVWD is obligated under terms of the Installment Purchase Contract associated with the Bonds, to make semiannual installment purchase payments that are equal in amount and timing to the principal and interest payments that are paid on a semiannual basis by the Agency to the holders of the Bonds. The Bonds were issued at a premium of \$2,526,793, which is being recorded and amortized over the life of the debt service by WVWD, since WVWD received the proceeds and premium. Interest and principal are payable on December 1st and June 1st of each year beginning December 1, 2025 with an interest only payment due on June 1, 2025, interest rates will range from 5% to 4%. The Bonds are scheduled to mature on June 1, 2054. The rate covenants of the Bonds require that net revenues of WVWD for each fiscal year be equal to at least 125% of the annual debt service payments required for that fiscal year.

PUENTE BASIN WATER AGENCY*Notes to Financial Statements**June 30, 2025***NOTE 5 – BOND PAYABLE (continued)**

Future annual bond payments are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 495,000	\$ 1,450,400	\$ 1,945,400
2027	520,000	1,425,650	1,945,650
2028	545,000	1,399,650	1,944,650
2029	575,000	1,372,400	1,947,400
2030	605,000	1,343,650	1,948,650
2031-2035	3,505,000	6,233,500	9,738,500
2036-2040	4,465,000	5,265,500	9,730,500
2041-2045	5,700,000	4,032,500	9,732,500
2046-2050	7,270,000	2,458,250	9,728,250
2051-2054	7,060,000	720,000	7,780,000
Total	30,740,000	<u>\$ 25,701,500</u>	<u>\$ 56,441,500</u>
Current	<u>(495,000)</u>		
Long-term	<u>\$ 30,245,000</u>		

NOTE 6 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use lease payable for fiscal year ending June 30, 2025 was as follows:

Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Current Portion	Long-term Portion
<u>\$ 1,572,335</u>	<u>\$ -</u>	<u>\$ (57,076)</u>	<u>\$ 1,515,259</u>	<u>\$ 63,001</u>	<u>\$ 1,452,258</u>

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 63,001	\$ 59,986	\$ 122,987
2027	69,273	57,404	126,677
2028	75,909	54,568	130,477
2029	82,930	51,462	134,392
2030	90,353	48,071	138,424
2031-2035	578,613	178,343	756,956
2036-2038	555,180	46,004	601,184
Total	1,515,259	<u>\$ 495,838</u>	<u>\$ 2,011,097</u>
Current	<u>(63,001)</u>		
Long-term	<u>\$ 1,452,258</u>		

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 6 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE (continued)

The Agency is reporting a total right-to-use leased asset, net of \$1,193,108 and a right-to-use lease payable of \$1,515,259 for the year ending June 30, 2024. Also, the Agency is reporting total amortization expense of \$88,378, principal payments of \$57,076 and interest expense of \$61,462 related to the above noted lease.

The lease held by the Agency does not have an implicit rate of return, therefore the Agency used their incremental borrowing rate of 4.00% to discount the lease payments to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

The Agency's lease is summarized as follows:

Old Baldy Well Facility

On March 1, 2018, the Agency entered into a 30 year lease for use of the Old Baldy Well facility. An initial right-to-use lease liability was recorded in the amount of \$1,841,213. The Agency made semi-annually fixed lease payments of \$61,494 during the 2025 fiscal year end. Payments are adjusted every July 1 for the Consumer Price Index for All Urban Consumers for the Los Angeles-Riverside-Orange County, California Area published by the Bureau of Labor Statistics for the preceding year, through July 31, 2038, at an annual interest rate of 3%. The lease has an implied interest rate of 4.0%. The Agency is amortizing the right-to-use leased asset of \$1,841,213 at \$7,365 per month.

NOTE 7 – NET POSITION

Calculations of net position as of June 30, were as follows:

Description	June 30, 2025	June 30, 2024
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 21,378,339	20,879,225
Capital assets, net – being depreciated	10,466,043	10,895,328
Right-to-use lease payable, current portion	(63,001)	-
Right-to-use lease payable, non - current portion	<u>(1,452,258)</u>	<u>(1,515,259)</u>
Total net investment in capital assets	<u>\$ 30,329,123</u>	<u>\$ 30,259,294</u>

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 8 – RISK MANAGEMENT POOL

The Agency is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2024 – 401 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2024
Audit dated	March 27, 2025
Statement of financial position:	Sept 30, 2024
Total assets	<u>\$ 308,144,466</u>
Deferred outflows	<u>3,099,110</u>
Total liabilities	<u>177,706,110</u>
Deferred inflows	<u>4,357,741</u>
Net position	<u><u>\$ 129,179,725</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 261,895,930
Total expenses	<u>(253,429,117)</u>
Change in net position	8,466,813
Beginning – net position	<u>120,712,912</u>
Ending – net position	<u><u>\$ 129,179,725</u></u>
F. Member agencies share of year-end financial position	Not Calculated

The Agency participated in the self-insurance programs of the Insurance Authority as follows:

General and auto liability, public officials and employees' errors and omissions: The ACWA/JPIAs total risk financing self-insurance limits of \$5,000,000 per occurrence. The ACWA/JPIA purchased additional excess coverage layers: \$55 million for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$500 million per loss, subject to the following deductibles per occurrence; \$2,500 deductible for buildings, fixed equipment, and personal property; \$1,000 deductible for mobile equipment and \$500 for vehicles. Scheduled vehicles and mobile equipment are covered on an actual cash basis at the time of loss.

Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to various deductibles depending on the type of equipment, on file.

PUENTE BASIN WATER AGENCY

Notes to Financial Statements

June 30, 2025

NOTE 8 – RISK MANAGEMENT POOL (Continued)

Cyber liability including cyber security up to \$2,000,000 per member and \$5,000,000 aggregate limit. Cyber liability deductible varies from \$10,000 to \$50,000 depending on Agency scheduled total values.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the years ending June 30, 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The Agency does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised. Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. After consultation with legal counsel, the Agency believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Construction Commitments

The Agency has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the Agency's member capital contributions.

NOTE 10 – SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through December 11, 2025, the date which the financial statements were available to be issued.

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Puente Basin Water Agency
Walnut, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Puente Basin Water Agency (Agency), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
December 11, 2025

**POMONA-WALNUT-ROWLAND
JOINT WATER LINE COMMISSION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2025
(With Comparative Amounts as of June 30, 2024)**

NIGRO & NIGRO^{PC}

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

For the Fiscal Year Ended June 30, 2025

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland Heights, California

Opinion

We have audited the accompanying financial statements of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2025, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements as a whole. The Combining Schedules of Revenues, Expenses, and Changes in Net Position and Schedules of Assets Invested in Capital Assts by Member Agency are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated September 15, 2025, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Murrieta, California
September 15, 2025

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

Management's Discussion and Analysis (MD&A) offers readers of Pomona-Walnut-Rowland Joint Water Line Commission's financial statements a narrative overview of the Commission's financial activities for the year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2025, the Commission's net position increased 3.22%, or \$105,044 from the prior year's net position of \$3,262,423 to \$3,367,467, as a result of the year's operations.
- In fiscal year 2025, operating revenues increased 35.03%, or \$6,418,867 from \$18,324,232 to \$24,743,099, from the prior year, primarily due to increases in water sales to member agencies.
- In fiscal year 2025, operating expenses before depreciation increased by 34.94% or \$6,404,729 from \$18,331,798 to \$24,736,527, from the prior year, primarily due to increases of water purchases.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the Commission using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the Commission's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Commission's operations over the past year and can be used to determine if the Commission has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Commission's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE COMMISSION

One of the most important questions asked about the Commission's finances is, "Is the Commission better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the Commission in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Commission's net position and changes in them. You can think of the Commission's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Condensed Balance Sheets

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Assets:			
Current assets	\$ 5,683,771	\$ 4,447,196	\$ 1,236,575
Non-current assets	976,335	933,012	43,323
Capital assets, net	<u>1,365,406</u>	<u>1,391,191</u>	<u>(25,785)</u>
Total assets	<u>8,025,512</u>	<u>6,771,399</u>	<u>1,254,113</u>
Liabilities:			
Current liabilities	<u>4,658,045</u>	<u>3,508,976</u>	<u>1,149,069</u>
Total liabilities	<u>4,658,045</u>	<u>3,508,976</u>	<u>1,149,069</u>
Net position:			
Investment in capital assets	1,365,406	1,391,191	(25,785)
Restricted for capital asset repairs and replacement	976,335	933,012	43,323
Unrestricted	<u>1,025,726</u>	<u>938,220</u>	<u>87,506</u>
Total net position	<u>3,367,467</u>	<u>3,262,423</u>	<u>105,044</u>
Total liabilities and net position	<u>\$ 8,025,512</u>	<u>\$ 6,771,399</u>	<u>\$ 1,254,113</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets and deferred outflows of resources of the Commission exceeded liabilities and deferred inflows of resources by \$3,367,467 as of June 30, 2025.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the Commission's net position reflects the Commission's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2025, the Commission showed a positive balance in its unrestricted net position of \$1,025,726 which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2025	2024	Change
Operating revenues	\$ 24,743,099	\$ 18,324,232	\$ 6,418,867
Operating expenses	(24,736,527)	(18,331,798)	(6,404,729)
Operating income(loss) before depr.	6,572	(7,566)	14,138
Depreciation expense	(25,785)	(28,180)	2,395
Operating loss	(19,213)	(35,746)	16,533
Non-operating revenues(expenses), net	80,934	80,558	376
Change in net position before capital	61,721	44,812	16,909
Capital contributions:			
Contributed capital	43,323	43,323	-
Change in net position	105,044	88,135	16,909
Net position:			
Beginning of year	3,262,423	3,174,288	88,135
End of year	<u>\$ 3,367,467</u>	<u>\$ 3,262,423</u>	<u>\$ 105,044</u>

The statement of revenues, expenses and changes in net position shows how the Commission's net position changed during the fiscal years. In the case of the Commission, the Commission's net position increased 3.22%, or \$105,044 from the prior year's net position of \$3,262,423 to \$3,367,467, as a result of the year's operations.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

Total Revenues

	2025	2024	Increase (Decrease)
Operating revenues:			
Water sales to member agencies	\$ 24,629,099	\$ 18,223,432	\$ 6,405,667
Member agency assessments	114,000	100,800	13,200
Total operating revenues	<u>24,743,099</u>	<u>18,324,232</u>	<u>6,418,867</u>
Non-operating revenues:			
Investment earnings	80,934	80,425	509
Other non-operating revenues	-	133	(133)
Contributed capital	43,323	43,323	-
Total non-operating revenues	<u>124,257</u>	<u>123,881</u>	<u>376</u>
Total revenues	<u>\$ 24,867,356</u>	<u>\$ 18,448,113</u>	<u>\$ 6,419,243</u>

In fiscal year 2025, operating revenues increased 35.03%, or \$6,418,867 from \$18,324,232 to \$24,743,099, from the prior year, primarily due to increases in water sales to member agencies.

Also, non-operating revenues increased by 0.30%, or \$376 from \$123,881 to \$124,257.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025 (With Comparable Amounts as of June 30, 2024)

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

Total Expenses

	2025	2024	Increase (Decrease)
Operating expenses:			
Water purchases	\$ 24,629,099	\$ 18,223,432	\$ 6,405,667
Maintenance	27,774	31,024	(3,250)
General and administrative	64,200	64,200	-
Other	15,454	13,142	2,312
Total operating expenses	<u>24,736,527</u>	<u>18,331,798</u>	<u>6,404,729</u>
Depreciation expense	<u>25,785</u>	<u>28,180</u>	<u>(2,395)</u>
Total expenses	<u>\$ 24,762,312</u>	<u>\$ 18,359,978</u>	<u>\$ 6,402,334</u>

In fiscal year 2025, operating expenses before depreciation expense increased by 34.94% or \$6,404,729 from \$18,331,798 to \$24,736,527, from the prior year, primarily due to increases in water purchases.

Capital Assets

	Balance June 30, 2025	Balance June 30, 2024
Capital assets:		
Depreciable assets	\$ 2,470,480	\$ 2,470,480
Accumulated depreciation	<u>(1,105,074)</u>	<u>(1,079,289)</u>
Total capital assets, net	<u>\$ 1,365,406</u>	<u>\$ 1,391,191</u>

At the end of year 2025, the Commission's investment in capital assets amounted to \$1,364,406 (net of accumulated depreciation). These capital assets includes pipelines and improvements, service connections, and telemetry systems. See Note 3 for further information.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

Actual Vs. Budget 2025

	2025 Actual	2025 Budget	Dollar Change	Percent Change
Revenues:				
Operating revenues	\$ 24,743,099	\$ 20,934,245	\$ 3,808,854	18.19%
Non-operating revenue	80,934	457,000	(376,066)	-82.29%
Total revenues	\$ 24,824,033	\$ 21,391,245	\$ 3,432,788	16.05%
Expenses:				
Operating expenses (incl. depr.)	24,762,312	21,384,245	3,378,067	-15.80%
Total expenses	24,762,312	21,384,245	3,378,067	-15.80%
Net (loss) income before capital contributions	61,721	7,000	54,721	-781.73%
Capital Contributions:				
Contributed capital	43,323	43,323	-	0.00%
Total capital contributions	43,323	43,323	-	0.00%
Change in net position	\$ 105,044	\$ 50,323	\$ 54,721	-108.74%

The majority of operating revenue is derived from water sales to member agencies. The Commission predicts water sales by using a three-year rolling average. This is calculated by estimating how many acre-feet of water will be purchased from the Three Valleys Municipal Water District at the prevailing Tier I and Tier II water rates. As in previous years, these assumptions do not include any special programs offered by the Commission in the efforts to promote water conservation.

In fiscal year 2025, the Commission estimated 15,315 acre-feet of Tier I water purchases at an average rate of \$1,324 per acre-foot. The Commission actually purchased 18,283 acre-foot of Tier I water.

Economic Factor and Next Year's Budget and Rates

	2025 Actual	2026 Budget	Dollar Change	Percent Change
Revenues:				
Operating revenues	\$ 24,743,099	\$ 23,309,110	\$ 1,433,989	5.80%
Non-operating revenue	80,934	457,000	(376,066)	-464.66%
Total revenues	\$ 24,824,033	\$ 23,766,110	\$ 1,057,923	4.26%
Expenses:				
Operating expenses (incl. depr.)	24,762,312	23,759,110	1,003,202	4.05%
Total expenses	24,762,312	23,759,110	1,003,202	4.05%
Net (loss) income before capital contributions	61,721	7,000	54,721	-88.66%
Capital Contributions:				
Contributed capital	43,323	50,074	(6,751)	15.58%
Total capital contributions	43,323	50,074	(6,751)	15.58%
Change in net position	105,044	57,074	47,970	-45.67%
Net postion, beginning of period	3,262,423	3,367,467	(105,044)	-3.22%
Net postion,end of period	\$ 3,367,467	\$ 3,424,541	\$ (57,074)	-1.69%

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE COMMISSION (continued)

Economic Factors and Next Year's Budget and Rates (continued)

The Commission's Board of Commissioners and Administrative Officer consider several factors when setting the fiscal year budget. One factor is the water sales projection that each agency gives. This is taken into consideration along with historical water use numbers in setting future years operating revenues. As in previous years, the majority of operating revenues are directly offset by operating expenses. This is due to the correlation between water sales and purchased water costs.

In fiscal year 2025, the commission factored in actual costs when looking at the administrative expenses. This was determined by looking at actual time and/or material cost in all matters directly relating to the Joint Water Line.

The last factor is the funding of depreciation and replacement of water line. In fiscal year 2025, an amount equal to \$43,323 of the change in ending net position, shown in the table above is projected to be transferred to reserves for deprecation and replacement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any conditions that could have a significant impact on the Commission's current financial position, net position, or operating results in terms of past, present, and future.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Commission's funding sources, customers, stakeholders and other interested parties with an overview of the Commission's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Commission's Treasurer at Rowland Water District, 3021 S. Fullerton Rd., Rowland Heights, CA 91748 – (562) 697-1726.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Balance Sheets

June 30, 2025 (With Comparative Amounts as of June 30, 2024)

	<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current assets:			
Cash and cash equivalents (Note 2)		\$ 1,201,786	\$ 1,499,890
Accrued interest receivable		17,948	17,661
Accounts receivable		4,462,526	2,928,175
Prepaid expenses		1,511	1,470
Total current assets		<u>5,683,771</u>	<u>4,447,196</u>
Non-current assets:			
Restricted –cash and cash equivalents (Note 2)		965,504	922,181
Restricted –accounts receivable		10,831	10,831
Capital assets – being depreciated, net (Note 3)		1,365,406	1,391,191
Total non-current assets		<u>2,341,741</u>	<u>2,324,203</u>
Total assets		<u>\$ 8,025,512</u>	<u>\$ 6,771,399</u>
	<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:			
Accounts payable		\$ 4,658,045	\$ 3,336,498
Related party payables		-	172,478
Total current liabilities		<u>4,658,045</u>	<u>3,508,976</u>
Net position: (Note 4)			
Investment in capital assets		1,365,406	1,391,191
Restricted for capital asset repairs and replacement		976,335	933,012
Unrestricted		1,025,726	938,220
Total net position		<u>3,367,467</u>	<u>3,262,423</u>
Total liabilities and net position		<u>\$ 8,025,512</u>	<u>\$ 6,771,399</u>

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	2025	2024
Operating revenues:		
Water sales to member agencies	\$ 24,629,099	\$ 18,223,432
Member agency assessments	114,000	100,800
Total operating revenues	24,743,099	18,324,232
Operating expenses:		
Water purchases	24,629,099	18,223,432
Maintenance	27,774	31,024
General and administrative	64,200	64,200
Other	15,454	13,142
Total operating expenses	24,736,527	18,331,798
Operating income(loss) before depreciation	6,572	(7,566)
Depreciation expense	(25,785)	(28,180)
Operating loss	(19,213)	(35,746)
Non-operating revenues(expenses):		
Investment earnings	80,934	80,425
Other non-operating revenues	-	133
Total non-operating revenues	80,934	80,558
Change in net position before capital contributions	61,721	44,812
Capital contributions:		
Contributed capital	43,323	43,323
Total capital contributions	43,323	43,323
Change in net position	105,044	88,135
Net position:		
Beginning of year	3,262,423	3,174,288
End of year	<u>\$ 3,367,467</u>	<u>\$ 3,262,423</u>

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash receipts from member agencies	\$ 23,208,748	\$ 18,129,669
Cash paid to vendors and suppliers for materials and services	<u>(23,587,499)</u>	<u>(17,555,760)</u>
Net cash provided by (used in) operating activities	<u>(378,751)</u>	<u>573,909</u>
Cash flows from capital and related financing activities:		
Capital contribution	<u>43,323</u>	<u>43,323</u>
Net cash provided by capital and related financing activities	<u>43,323</u>	<u>43,323</u>
Cash flows from investing activities:		
Investment earnings	<u>80,647</u>	<u>74,735</u>
Net cash provided by investing activities	<u>80,647</u>	<u>74,735</u>
Net increase(decrease) in cash and cash equivalents	(254,781)	691,967
Cash and cash equivalents:		
Beginning of year	<u>2,422,071</u>	<u>1,730,104</u>
End of year	<u>\$ 2,167,290</u>	<u>\$ 2,422,071</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 1,201,786	\$ 1,499,890
Restricted –cash and cash equivalents	<u>965,504</u>	<u>922,181</u>
	<u>\$ 2,167,290</u>	<u>\$ 2,422,071</u>

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2025 (With Comparative Amounts as of June 30, 2024)*

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	<u>\$ (19,213)</u>	<u>\$ (35,746)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	25,785	28,180
Change in assets – (increase)decrease:		
Accounts receivable	(1,534,351)	(194,563)
Prepaid expenses	(41)	70
Change in liabilities – increase(decrease):		
Accounts payable	<u>1,149,069</u>	<u>775,968</u>
Total adjustments	<u>(359,538)</u>	<u>609,655</u>
Net cash provided by (used in) operating activities	<u><u>\$ (378,751)</u></u>	<u><u>\$ 573,909</u></u>

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Pomona-Walnut-Rowland Joint Water Line Commission (Commission) was formed under the Joint Power Agreement of 1956 between the City of Pomona, Walnut Valley Water District, and Rowland Water District (the Agreement) for the purpose of acquiring, constructing, maintaining, repairing, managing, operating and controlling a water transmission pipeline for the benefit of the member agencies. The original agreement was for a term of fifty years and has resulted in substantial cost savings for each of its member agencies. On December 21, 2006, the Agreement was amended, restated, and renewed and will continue to be enforced for twenty years from this date, with three, ten-year extensions allowable upon written consent of each of the member agencies.

The Commission purchases water for resale to member agencies at a price sufficient to provide reserve funds for emergencies. Member agencies are billed for the cost of maintenance and operations of the pipeline.

B. Basis of Presentation, Basis of Accounting

The Commission reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Commission is that the costs (including depreciation) of providing goods or services to the member agencies on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the Commission. The Commission reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the Commission as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the Commission. All other expenses are reported as non-operating expenses.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

Substantially all of the Commission's cash is invested in interest bearing accounts. The Commission considers all highly liquid investment with a maturity of three months or less to be cash equivalent.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the Commission categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The Commission has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the Commission's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as capital projects. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

The Commission's restricted assets are the accumulation of capital surcharges assessed to each member agency. These funds are restricted for major repairs and replacement of water.

4. Account Receivable and Allowance for Uncollectible Accounts

The Commission extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Commission uses the allowance method for the reservation and write-off of those accounts. As of June 30, 2025, there is no allowance for uncollectible accounts as management believes all accounts will be collected, respectively.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Prepaids

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

6. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Commission policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of the donation. Capital assets received in service concession arrangements are reported at acquisition value. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Estimated Lives
Pipeline and improvements	150 years
Service connections	150 years
Telemetry systems	10 years
Valve replacements	50 years

7. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** - This component consists of assets that have restriction placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributions, or laws and regulation of other governments, or constraints imposed by law through enabling legislation.
- **Unrestricted** - This component consists of the new amount of assets, deferred outflow of resources, liabilities, and deferred inflows of resources that are not included in the determination of the investment in capital assets or restricted components of net position.

8. Water Sales and Services

Water sales are billed on a monthly cyclical basis and recognize the respective revenue when they are earned.

9. Capital Contribution

Capital Contribution represent cash contributed to the Commission by member agencies for the cost of maintenance and operations of pipeline.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	June 30, 2025	June 30, 2024
Cash and cash equivalents	\$ 1,201,786	\$ 1,499,890
Restricted – cash and cash equivalents	965,504	922,181
Total cash and investments	\$ 2,167,290	\$ 2,422,071

Cash and investments consisted of the following:

Description	June 30, 2025	June 30, 2024
Deposits with financial institutions	\$ 527,129	\$ 862,557
Deposit in Local Agency Investment Fund (LAIF)	1,640,161	1,559,514
Total cash and investments	\$ 2,167,290	\$ 2,422,071

Demand Deposits with Financial Institutions

At June 30, 2025, the carrying amount of the Commission's demand deposits were \$527,129 and the financial institution's balances were \$527,260. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the Commission's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the Commission will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, the Commission's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special Commissions to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff.

Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and has a dollar-in dollar-out amortized cost methodology.

The Commission is a voluntary participant in LAIF. The fair value of the Commission's investment in this pool is reported at an amount based upon the Commission's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the Commission considers funds in LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the Commission held \$1,640,161 in LAIF.

Investments Authorized by the California Government Code and the Commission's Investment Policy

The table below identifies the investment types that are authorized for the Commission in accordance with the California Government Code (or the Commission's investments policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Commission's investment policy, where more restrictive) that address interest rate risk, credit risk, and contrition of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Local Agency Bond	5-years	None	None
U.S. Treasury Obligations	5-years	None	None
State of California Obligations	5-years	None	None
CA Local Agency Obligations	5-years	None	None
U. S. Agency Obligations	5-years	None	None
Negotiable Certificates of Deposit (Negotiable CD)	5-years	30%	Other
Collateralized Bank Deposits	5-years	None	None
Corporate Debt - Short and Long Term	5-years	None	None
Commercial Paper - Pooled Funds	270 days	40%	None
Commercial Paper - Non Pooled Funds	270 days	25%	None
Repurchase Agreements	1-year	None	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Commission manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the Commission's investments by maturity as of June 30, 2025.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the Commission's investments as of June 30, 2025. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

Concentration of Credit Risk

The Commission's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The Commission's deposit portfolio with governmental agencies, LAIF, is 76% and 64% as of June 30, 2025 and 2024, respectively, of the Commission's total depository and investment portfolio. There were no investments in any one non-governmental issuer that represent 5% or more of the Commission's total investments.

Fair Value Measurements

The Commission categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. All of the Commission's investments were assigned a Level 2 input on the Investment Table.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Depreciable assets:				
Pipeline and improvements	\$ 2,281,203	-	-	\$ 2,281,203
Service connections	85,277	-	-	85,277
Telemetry system	104,000	-	-	104,000
Total depreciable assets	2,470,480	-	-	2,470,480
Accumulated depreciation:				
Pipeline and improvements	(944,616)	(17,211)	-	(961,827)
Service connections	(38,680)	(569)	-	(39,249)
Telemetry system	(95,993)	(8,005)	-	(103,998)
Total accumulated depreciation	(1,079,289)	(25,785)	-	(1,105,074)
Total capital assets, net	\$ 1,391,191	\$ (25,785)	\$ -	\$ 1,365,406

Changes in capital assets for the fiscal year ended June 30, 2024, were as follows:

Description	Balance July 1, 2023	Additions	Deletions/ Transfers	Balance June 30, 2024
Depreciable assets:				
Pipeline and improvements	\$ 2,281,203	-	-	\$ 2,281,203
Service connections	85,277	-	-	85,277
Telemetry system	104,000	-	-	104,000
Total depreciable assets	2,470,480	-	-	2,470,480
Accumulated depreciation:				
Pipeline and improvements	(927,405)	(17,211)	-	(944,616)
Service connections	(38,111)	(569)	-	(38,680)
Telemetry system	(85,593)	(10,400)	-	(95,993)
Total accumulated depreciation	(1,051,109)	(28,180)	-	(1,079,289)
Total capital assets, net	\$ 1,419,371	(28,180)	-	\$ 1,391,191

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 4 – NET POSITION

Calculation of net position as of June 30, were as follows:

Description	2025	2024
Net investment in capital assets:		
Capital assets, net – being depreciated	\$ 1,365,406	\$ 1,391,191
Restricted		
Capital assets repairs and replacement	976,335	933,012
Unrestricted	1,025,726	938,220
Total net investment in capital assets	<u>\$ 3,367,467</u>	<u>\$ 3,262,423</u>

NOTE 5 – RISK MANAGEMENT POOL

The Commission is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2024 – 401 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2024
Audit dated	March 27, 2025
Statement of financial position:	Sept 30, 2024
Total assets	<u>\$ 308,144,466</u>
Deferred outflows	<u>3,099,110</u>
Total liabilities	<u>177,706,110</u>
Deferred inflows	<u>4,357,741</u>
Net position	<u>\$ 129,179,725</u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 261,895,930
Total expenses	<u>(253,429,117)</u>
Change in net position	8,466,813
Beginning – net position	<u>120,712,912</u>
Ending – net position	<u>\$ 129,179,725</u>
F. Member agencies share of year-end financial position	Not Calculated

The Commission participated in the self-insurance programs of the Insurance Authority as follows:

General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limit of \$5,000,000 per occurrence. The JPIA purchases additional excess coverage layers up to \$55 million per occurrence total for general, auto and public official's liability, which increases the limits on the insurance coverage noted above.

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION

Notes to Financial Statements

June 30, 2025

NOTE 5 – RISK MANAGEMENT POOL (continued)

The Commission participates in group purchase Cyber Liability made available for all Agencies participating in the Liability Program. It protects the Commission from risk relating to information technology infrastructure and activities by first and third parties. The limit is \$3,000,000 per loss/ \$5,000,000 program annual aggregate.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Commission's insurance coverage during the years ending June 30, 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The Commission does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months or less), including any options to extend, regardless of their probability of being exercised. Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Litigation

In the ordinary course of operations, the Commission is subject to claims and litigation from outside parties. After consultation with legal counsel, the Commission believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 7 – SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through September 15, 2025, the date which the financial statements were available to be issued.

Supplementary Information

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION*Combining Schedule of Revenues, Expenses, and Changes in Net Position**June 30, 2025*

	Water Operations	General and Administrative	Total
Operating revenues:			
Water sales to member agencies	\$ 24,629,099	\$ -	\$ 24,629,099
Member agency assessments	-	114,000	114,000
Total operating revenues	24,629,099	114,000	24,743,099
Operating expenses:			
Water purchases	24,629,099	-	24,629,099
Maintenance	27,774	-	27,774
General and administrative	-	64,200	64,200
Other	-	15,454	15,454
Total operating expenses	24,656,873	79,654	24,736,527
Operating income(loss) before depreciation	(27,774)	34,346	6,572
Depreciation expense	(25,785)	-	(25,785)
Operating income(loss)	(53,559)	34,346	(19,213)
Non-operating revenues(expenses):			
Investment earnings	80,934	-	80,934
Total non-operating revenues	80,934	-	80,934
Change in net position before capital contributions	27,375	34,346	61,721
Capital contributions:			
Contributed capital	43,323	-	43,323
Total capital contributions	43,323	-	43,323
Change in net position	70,698	34,346	105,044
Net position:			
Beginning of year	3,000,260	262,163	3,262,423
End of year	<u>\$ 3,070,958</u>	<u>\$ 296,509</u>	<u>\$ 3,367,467</u>

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION*Combining Schedule of Revenues, Expenses, and Changes in Net Position**June 30, 2024*

	Water Operations	General and Administrative	Total
Operating revenues:			
Water sales to member agencies	\$ 18,223,432	\$ -	\$ 18,223,432
Member agency assessments	-	100,800	100,800
Total operating revenues	18,223,432	100,800	18,324,232
Operating expenses:			
Water purchases	18,223,432	-	18,223,432
Maintenance	31,024	-	31,024
General and administrative	-	64,200	64,200
Other	-	13,142	13,142
Total operating expenses	18,254,456	77,342	18,331,798
Operating income(loss) before depreciation	(31,024)	23,458	(7,566)
Depreciation expense	(28,180)	-	(28,180)
Operating income(loss)	(59,204)	23,458	(35,746)
Non-operating revenues(expenses):			
Investment earnings	80,425	-	80,425
Other non-operating revenues	133	-	133
Total non-operating revenues	80,558	-	80,558
Change in net position before capital contributions	21,354	23,458	44,812
Capital contributions:			
Contributed capital	43,323	-	43,323
Total capital contributions	43,323	-	43,323
Change in net position	64,677	23,458	88,135
Net position:			
Beginning of year	2,935,583	238,705	3,174,288
End of year	\$ 3,000,260	\$ 262,163	\$ 3,262,423

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION*Schedule of Assets Invested in Capital Assets by Member Agency**June 30, 2025*

Description	City of Pomona	Walnut Valley Water District	Rowland Water District	Total
Pipeline section A- B	\$ 276,438	\$ 151,474	\$ 106,031	\$ 533,943
Pipeline section B-D	188,719	150,958	94,359	434,036
Pipeline section DF	-	621,096	386,002	1,007,098
Pipeline relocation	129,970	105,948	70,208	306,126
Telemetry system	-	60,320	43,680	104,000
Service connections	66,374	8,455	10,448	85,277
Total capital assets per member	<u><u>\$ 661,501</u></u>	<u><u>\$ 1,098,251</u></u>	<u><u>\$ 710,728</u></u>	<u><u>\$ 2,470,480</u></u>

This schedule does not include accumulated depreciation

POMONA-WALNUT-ROWLAND JOINT WATER LINE COMMISSION*Schedule of Assets Invested in Capital Assets by Member Agency**June 30, 2024*

Description	City of Pomona	Walnut Valley Water District	Rowland Water District	Total
Pipeline section A- B	\$ 276,438	\$ 151,474	\$ 106,031	\$ 533,943
Pipeline section B-D	188,719	150,958	94,359	434,036
Pipeline section DF	-	621,096	386,002	1,007,098
Pipeline relocation	129,970	105,948	70,208	306,126
Telemetry system	-	60,320	43,680	104,000
Service connections	66,374	8,455	10,448	85,277
Total capital assets per member	\$ 661,501	\$ 1,098,251	\$ 710,728	\$ 2,470,480

This schedule does not include accumulated depreciation

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Pomona-Walnut-Rowland Joint Water Line Commission
Rowland Heights, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pomona-Walnut-Rowland Joint Water Line Commission (Commission), which comprise the balance sheet as of June 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated September 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

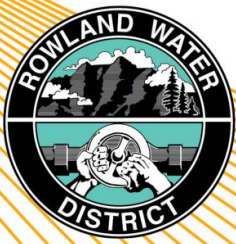
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
September 15, 2025



Community Relations & Education

January 2026 Update

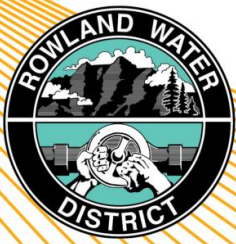
COMMUNITY RELATIONS & OUTREACH ENGAGEMENT

Caring for our Neighbors Food Drive- The Caring for Our Neighbors Committee launched a quarterly food drive in partnership with the Los Angeles Food Bank. In this initiative, each quarter period is dedicated to collecting particular high-demand food items to help support families and individuals throughout Los Angeles County. December's food drive focused on collecting crackers (of any brand or type), which were delivered to the food bank on December 18, 2025. This quarter's current food drive is collecting fruit snacks. All donations are due by March 13, 2026.



Caring for Our Neighbors Bike Building- The Caring for Our Neighbors Committee has partnered with Foster Love, a local charity that supports foster children by providing them with essential items. This year, the Committee chose to sponsor bicycles for children and participate in Foster Love's bike-building service activity.

This team-building experience will allow staff to work together in building 15 bicycles ranging from 12-inch to 20-inch. Appropriately sized helmets will be gifted as well so children receive safety gear along with their new bike. Bicycles will be delivered by staff to a local foster home for the opportunity to witness the direct impact of this initiative on the community.



Community Relations & Education

January 2026 Update

Direct Install Program- Below are the metrics of completion for the Direct Install Program:

- ✓ Total survey requests-103
- ✓ Total surveys scheduled-0
- ✓ Total surveys completed-55
- ✓ Total installs completed-8

EDUCATIONAL OUTREACH

2026 Water Awareness Poster Contest- Below are the metrics for the Poster Contest:

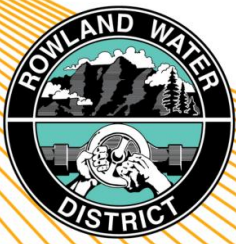
- 505 poster submissions
 - o 30 posters judged internally and the top nine (9) posters in our contest will be submitted to MWD for their regional poster contest.
- 35 teachers participated
- 7 total schools

Mini Solar Challenge- The 2025-2026 Mini Solar Challenge is underway. Supplemental research materials were provided to each participating classroom to serve as reference guides in writing their reports and the PSA. Awards for the race, writing, and PSA challenges will be presented to the winners in May during assemblies at their schools.

Scholar Dollar Program- The CET Scholar Dollar Program launched in December 2025, with flyers mailed to all teachers who have a senior in their class. The submission deadline is February 12, 2026. The top four applicants will be eligible to receive scholarships of up to \$1,000 each.

Wyland Foundation Mobile Lab Experience- Last year, the District began offering the Wyland Mobile Learning Experience (MLE) to schools within our service area via a lottery selection process. This year, Rowland Elementary School was selected. Their lab experience will be scheduled for early 2026.

The Wyland Mobile Learning Experience offers six (6) interactive stations designed to engage students in exploring the critical relationship between water quality, availability, and their daily lives.



Community Relations & Education

January 2026 Update

Other Water Education/Outreach Activities - Staff continues attending monthly Conservation and Education Team (CET) meetings. Teachers are encouraged to visit: <https://pwagcet.org/> for resources on water-related lessons and grants.

SOCIAL MEDIA

Featured December 2025 Social Media Postings-



Rowland Water District continually posts updates regarding District information, careers in water, conservation, and water education. These posts are shared on Facebook, Instagram, X, Nextdoor, LinkedIn and YouTube when necessary.

CONSTANT CONTACT- Electronic information sent to customer emails.

Total Subscribed Contacts-19,895

December 16, 2025-Holiday Office Closures- 44% open rate

December 22, 2025-Holiday Office Closures- 45% open rate



For Immediate Release

Rowland Water District January 2026

District Outreach



- Legislation Support
 - Water Utility Worker ID Legislation
 - RWD written support for Senator Archuleta bill

Press Releases/Media



- Splash Cash
- Water Theft Ordinance

Industry Press



- ACWA Member News – Water Theft Ordinance
- ACWA Member News – Splash Cash (attached)

Board of Directors

JOHN E. BELLAH
President

VANESSA HSU
Vice President

ROBERT W. LEWIS

ANTHONY J. LIMA

SZU PEI LU-YANG



LOCAL TEACHERS RECEIVE FUNDING FOR HANDS-ON WATER EDUCATION PROJECTS

BY ROWLAND WATER
DISTRICT
NOV 13, 2025
MEMBER SUBMITTED NEWS

Rowland Water District (RWD) has awarded over \$18,000 in classroom grants [acwa.com](https://www.acwa.com) 'ash program, supporting a new round of

Video Projects

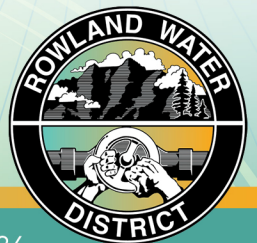


- District video interviews completed December 8 & 9, 2025
- Staff and Board of Directors
- Transcription logs in process
- Editing begins January 16, 2026

Additional Comments

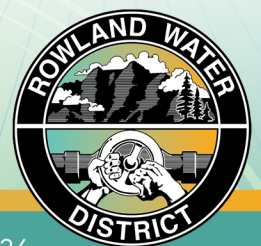


- Communications planning
 - Multi-lingual effort
 - Award submissions



DISTRICT VIDEO UPDATE – Production begins December 2025

Interviews include various staff and Board members





LA HABRA HEIGHTS COUNTY WATER DISTRICT

(562) 697-6769 • www.lhhcwald.com

1271 North Hacienda Road
La Habra Heights, California 90631

Post Office Box 628
La Habra, California 90633-0628

December 1, 2025

Szu Pei Lu-Yang
3021 Fullerton Rd.
Rowland Heights, CA 91748

President, Rowland Water District Board of Directors

Re: Notification of PFOA/PFOS

Pursuant to California Health and Safety Code section 116455, you are hereby notified that following mandatory monitoring required by the State Water Resources Control Board, Division of Drinking Water (DDW), on November 12, 2025, La Habra Heights County Water District received confirmed quarterly results above the required notification levels for perfluorooctanoic acid (PFOA), perfluorooctane sulfonic acid (PFOS), and Perfluorohexane Sulfonic Acid (PFHxS) in the groundwater served to our customers. As of October 29, 2025, the Notification Level for PFOA and PFOS are 4.0 ng/L (parts per trillion) and the Notification level for PFHxS is 3 ng/L. Notification levels are health-based advisory levels, established by the State Water Resources Control Board Division of Drinking Water, for chemicals in drinking water that lack maximum contaminant levels.

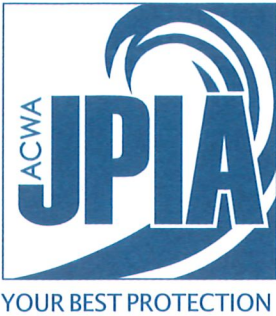
The levels associated with water delivered to our customers are posted on the table below.

Well	Status	PFOA Result	PFOS Result	PFHxS Result	PFHxS Detection Range
8	Active	10 ng/L	17 ng/L	4.0 ng/L	2.4-4.0
10	Active	12 ng/L	22 ng/L	4.5 ng/L	4.5-5.1
11	Active	12 ng/L	28 ng/L	5.3 ng/L	4.4-5.9

PFOA, PFOS, and PFHxS, have been extensively produced and studied in the United States. These man-made substances have been synthesized for water and lipid resistance. They have been used extensively in consumer products such as carpet, clothing, fabrics for furniture, paper packaging for food, and other materials (e.g., cookware) designed to be waterproof, stain-resistant, or non-stick. In addition, they have been used in fire-retarding foam and various industrial processes. Based on the current evaluation of recent human and animal toxicity data, exposure to PFOA and PFOS in tap water over certain levels may result in adverse health effects including hepatotoxicity, immunotoxicity, thyroid toxicity, reproductive toxicity, and cancer (pancreatic and liver) and PFHxS adversely affects the growth and development in fetuses, infants, and young children. The origin of the contaminant in our water supply currently is unknown but the water system is working with the State Board and other agencies to determine how and why. Additional information will be provided to our customers through the quarterly response level public notification and in the La Habra Heights County Water District's 2025 Consumer Confidence Report.

Sincerely,

Ivan Ramirez,
Superintendent
La Habra Heights County Water District



12/3/2025

ACWA JPIA

P. O. Box 619082
Roseville, CA
95661-9082

phone
916.786.5742
800.231.5742

www.acwajpia.com

Core Values

- People
- Service
- Integrity
- Innovation

Rowland Water District (R006)
3021 S. Fullerton Road
Rowland Heights, CA 91748

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property, or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the **"President's Special Recognition Award"** certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Rowland WD with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2026.

Sincerely,

Melody McDonald
President

Enclosure: President's Special Recognition Award(s)

U.S. NIHTOL 2025 ©

President's Special Recognition Award

*The President of the
ACWA JPIA*

Hereby presents this Special Recognition Award to

Rowland Water District

In recognition of outstanding performance in the Workers' Compensation program, demonstrated by maintaining exceptionally low claim costs relative to contributions during the period 07/01/2021 - 06/30/2024 announced at the ACWA JPIA Board of Directors' meeting held in San Diego, California.



Melody McDonald, President



December 01, 2025



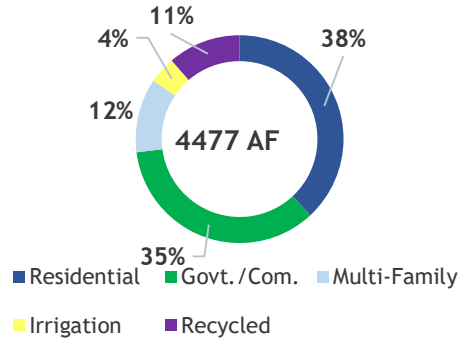
ROWLAND WATER DISTRICT FINANCIAL DASHBOARD

November 30, 2025



Consumption by Class

1

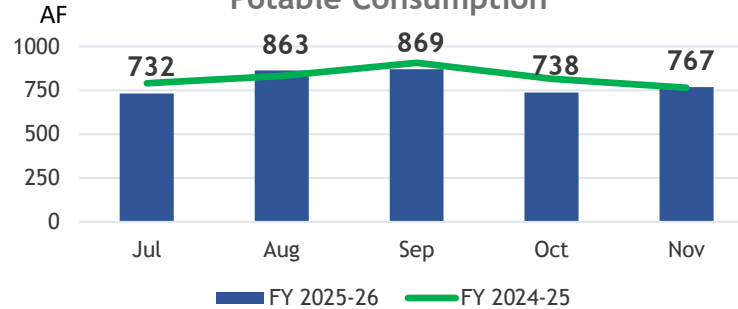


97% of Prior Year

45% of Budget

2

Potable Consumption

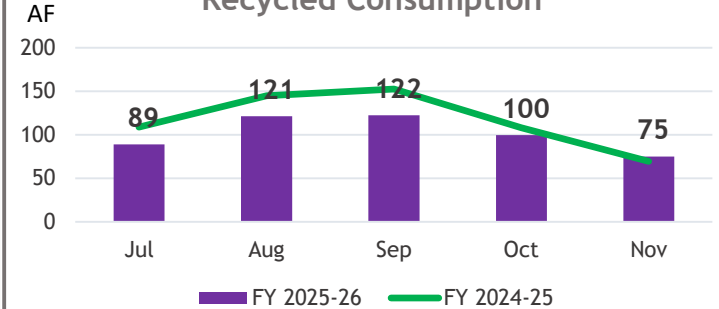


87% of Prior Year

53% of Budget

3

Recycled Consumption



YTD Revenue
Annual Budget

\$14,294,983
\$33,885,200

42%

4

YTD Expense
Annual Budget

\$10,973,133
\$27,376,000

40%

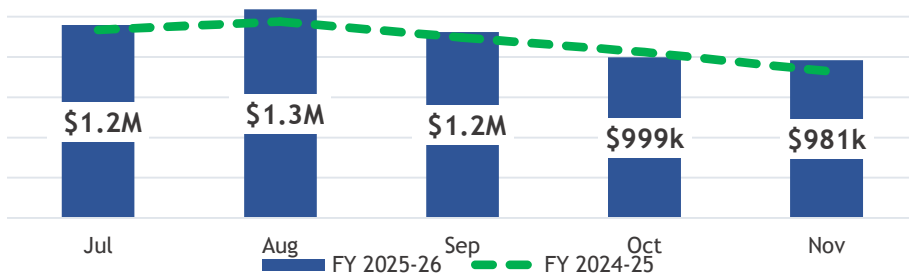
5

YTD Water Purchases
of \$5.6 M

51% of YTD Expense

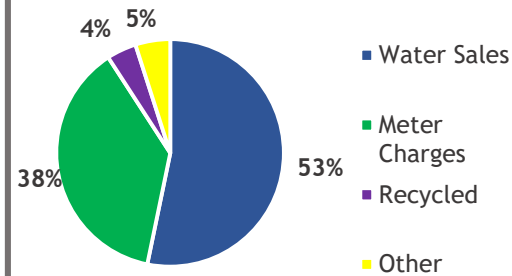
6

Water Purchases



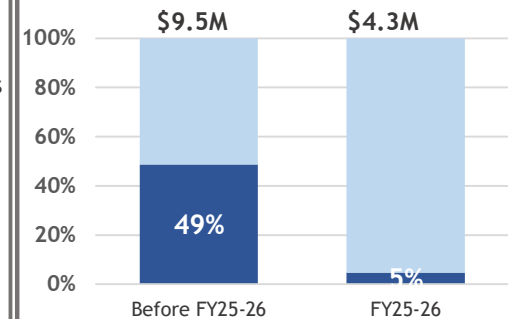
Revenues by Category

7



CIP Completion

8



- 371

Low Income Assist.



- 61

Turn-Offs



- 70

New Applications



- 7286
- 5963

Paperless Bills
Auto Pay



- 677

Phone Calls